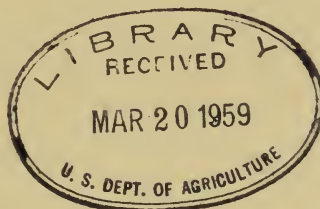


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A STUDY OF ALTERNATIVE METHODS
FOR CONTROLLING MARKETINGS OF BURLEY TOBACCO

A REPORT DEVELOPED IN THE
U. S. DEPARTMENT OF AGRICULTURE
PURSUANT TO PUBLIC LAW 96 - 84TH CONGRESS,
TRANSMITTED TO THE PRESIDENT OF THE SENATE AND THE
SPEAKER OF THE HOUSE OF REPRESENTATIVES, NOVEMBER 1, 1955



UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

I

PREFACE

This study was undertaken pursuant to Public Law 96, 84th Congress, approved June 28, 1955, which directed the Secretary of Agriculture to study various methods of marketing control which have been or could be made applicable to burley tobacco, including farm marketing quotas, poundage limitations, acreage limitations and a combination of both poundage and acreage limitations, and to submit to Congress on or before November 1, 1955 a detailed report thereon, showing probable costs, effects and feasibility, and legislation needed. It was made by a work group representing Departmental agencies with responsibilities in the areas studied. Written comments and suggestions of farm organizations, producer cooperatives, and other agricultural agencies in the burley producing area were requested. Also, six public hearings were held at different locations in the burley producing area to afford all interested growers, organizations and agencies an opportunity to express their views.

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A STUDY OF ALTERNATIVE METHODS
FOR CONTROLLING MARKETINGS OF BURLEY TOBACCO

SUMMARY

1. Production of burley tobacco during the preceding four years has exceeded disappearance by around 350 million pounds, despite reductions in acreage allotments since 1952 through Government control programs. A burdensome surplus of burley tobacco has resulted. The Congress in order to gain basic information that would assist in the formulation of an improved program for the production and marketing of burley tobacco enacted Public Law 96 (approved June 28, 1955), directing the Secretary of Agriculture to make a study of various control methods which have been or could be made applicable to burley.
2. A work group within the Department of Agriculture has made the study by seeking the comments and views of growers' organizations and others with a direct concern in burley tobacco; by holding public hearings; by analyzing various aspects of the current program and possible alternatives; and by an intensive examination of the historical experience with control programs since 1932.
3. A desirable average level of supply (production plus carryover-stocks) for unmanufactured burley is generally considered to be about 2.8 times as much as a given year's disappearance (domestic use plus exports). In the last four years, this ratio rose from 3.0 to 3.5. The huge record-breaking 1954 crop, resulting mainly from exceedingly high yields per acre but also from sizable overplanting of acreage allotments, was a major factor in increasing total burley supply to 3-1/2 times its annual disappearance.
4. Burley is grown principally in eight States on about 300,000 farms. the greater number of farms have relatively small acreages of burley -- averaging about one acre per farm in 1955. The tobacco crop is the major source of cash income to practically all burley growers. The production and harvesting of burley tobacco requires a great deal of man labor -- about 400 man hours per acre. There has been a marked uptrend in average yields per acre for burley tobacco in the last several years -- reflecting heavier fertilization, new higher-yielding varieties, and better cultural practices.
5. In recent years, domestically manufactured cigarettes have comprised approximately 80 percent of the total outlet for burley; manufactured smoking and chewing tobacco, about 13 percent; and leaf exports, about 7 percent. After trending upward for many years, total tobacco (all types) utilization in cigarettes dropped about 4-3/4 percent from calendar year 1953 to 1954 but is estimated to be up about 2-1/2 percent from 1954 to 1955.
6. The operations under the present control program -- farm acreage quotas -- is carried out under the rather specific directions outlined in the Agricultural Adjustment Act of 1938, as amended. These provide for determining a national marketing quota in pounds, allocating it to States, and the conversion into acres. Acreage

allotments are made to individual farms in accord with factors set forth in the legislation and based primarily on individual farm histories. Special provisions of the legislation apply to small allotment farms. A recent change in legislation reduced the minimum allotments (those which cannot be cut any further) from seven-tenths of an acre to five-tenths of an acre. To increase the effectiveness of the program, a policy of determining both allotted and harvested acreage in hundredths of an acre was adopted in 1955. The following advantages and disadvantages of the present farm acreage quota program are generally cited:

Advantages:

- a. This program has been in effect for many years and is accepted and well understood by growers and the industry.
- b. It was fairly successful in maintaining supply ~~balanced~~ ^{with demand} near a balanced position for a considerable number of years.
- c. Despite the limit on the acres that could be used for tobacco, individual growers could exercise individual initiative by increasing yields per acre.
- d. The great variability of farm yields, which is inherent in burley production, does not complicate compliance with quotas, since the actual production of the farm-acreage allotment is the amount of the farm-marketing quota.
- e. Allocations of acreage to individual farms under the allotment procedure is relatively simple and has been generally accepted as equitable.
- f. The offerings on the market have included the entire range of qualities and price groups so that any potential demand could be satisfied.

Disadvantages:

- a. The acreage limitation has failed to keep supplies balanced with requirements in recent years largely because of the sharp uptrend in per acre yields.
- b. There are some adverse quality effects due mainly to over-fertilization by some growers.
- c. Determining compliance by measuring the many small acreages, with the necessary exactness, is difficult and costly.
- d. The Government loan stocks of burley have risen to a high level involving an investment of about 232 million dollars and carrying charges are accruing.
- e. The protection afforded minimum allotments has increased the difficulty of obtaining the necessary downward adjustments and has created some dissatisfaction.

7. One alternative to the present program would be combination farm acreage and poundage quotas. Such a program would superimpose limits on the number of pounds that could be marketed from acreage bases of individual farms. It is assumed that the acreage allotments established under the present program would become the base acreages for individual farms. In addition, it would be necessary to establish "base yields" per acre for individual farms, as equitably as possible. Although yield histories on farms are available, it would require careful and thorough study to devise systematic and equitable formulas that could be used throughout the burley producing area in establishing "base yields." Compliance with acreage allotments established for individual farms would determine eligibility for Government price support, and whether any marketing quota penalties are due. Since actual yields are variable from year to year depending on a number of factors, provisions to handle "overages" and "underages" would be necessary. The following advantages and disadvantages of combination farm acreage and poundage quotas are generally cited:

Advantages:

- a. The retention of acreage allotments as one feature in the control program would continue most of the advantages of the present program.
- b. Over a period of years, more effective control over supply than with acreage quotas alone should result from this method. This would permit operation of the price support program on a sounder basis.
- c. A greater range of offerings in terms of prices and qualities would be marketed under this method than under straight poundage quotas.
- d. A limit on poundage per acre would improve the quality of the crops where growers have tended to overfertilize.
- e. There could be a double check on individual participation -- acreage and poundage -- thus more nearly assuring full compliance by all growers.

Disadvantages:

- a. Explanation of the program would be difficult and there is a question as to acceptance by growers.
- b. Although to a lesser extent than with poundage quotas alone, growers would attempt to make certain that their production not be short of their poundage limits and thus a majority would likely exceed their limits.
- c. There would be a tendency to fulfill quotas with higher-priced grades and this would be detrimental to buyers of lower qualities and lower-priced grades, but to a much lesser extent than under poundage quotas alone.
- d. There would be some increase in administrative expenses.

8. Another alternative to the present program would be farm poundage quotas. The acreage limitation would be entirely eliminated and each farm would be allocated a quota in pounds that could be marketed. This would involve establishing "base poundage quotas" for individual farms -- probably by multiplying the present acreage allotment by predetermined "base yields" or perhaps some option system could be offered individual growers. Consideration would need to be given to the handling of excess tobacco. All growers would be eligible for price support and could market free of penalty up to the total pounds of their marketing quotas. The following advantages and disadvantages of farm poundage quotas are generally cited:

Advantages:

- a. If the total volume marketed could be held within the sum of all individual poundage quotas, a more effective control of supply would be achieved. This would assure a sounder price support program since it would prevent the accumulation of a surplus under loan.
- b. It places emphasis on quality rather than on high yields per acre as under present acreage quota system.
- c. The expense and difficulty presently encountered in determining compliance by measuring the thousands of small acreages on individual farms would be eliminated.

Disadvantages:

- a. Variability of farm yields makes it highly improbable that a grower would raise a poundage exactly equal to his quota. Most often an excess would be produced since each would want to be sure of not falling short of his quota.
- b. Leaf harvested in excess of quotas would be a chronic problem, perhaps leading to selling operations akin to "black markets." A system of handling of "overages" and "underages" would be necessary.
- c. Quotas would be fulfilled by marketings of only the highest priced grades--thus jeopardizing those market outlets which require lower priced leaf.
- d. Extensive record keeping, checking and policing throughout marketing channels would partially or wholly offset the apparent advantages of eliminating acreage measurements.
- e. A serious question exists as to whether an abrupt shift to poundage quotas would be acceptable to growers.

9. Programs in effect prior to the present one based on acreage limitations included other methods to control marketings of burley. Poundage-acreage limitations were used in the program under the Agricultural Adjustment Act of 1933; acreage limitations were used under the soil conservation program of 1936 and 1937; and poundage quotas were used in the 1938 program.

10. The AAA program, operative for the 1934 and 1935 crops, was essentially an emergency program aimed at restoring prices and purchasing power of farmers as quickly as possible. This was effectuated through production control contracts with growers to bring about a better balance of supplies with requirements, benefit payments to co-operating farmers, and penalties for non-cooperation. The control feature was a combination poundage-acreage allotment system, whereby acreage and production bases were established for each contracting grower, and percentage reductions effected from his base. A factor contributing to the feasibility of an acreage-poundage program was the relative stability of average per acre yields during that period compared with those of recent years. Benefit payments were made from revenue obtained from processing taxes levied on tobacco used in domestic manufacture. The provisions of the Agricultural Adjustment Act for enforcing production control were supplemented by the Kerr-Smith Tobacco Act, which prevented non-cooperators from sharing in the financial benefits of the program. The program was brought to a halt by the Supreme Court decision of January 6, 1936. The Kerr-Smith Tobacco Act was repealed following the court's decision.

11. The Soil Conservation and Domestic Allotment Act, enacted by the Congress shortly after the Supreme Court decision, provided for payments to farmers for diverting land to soil conserving uses and hence affected burley acreages, since "base acreages" were established for burley along with other soil-depleting crops. Under the program in effect for 1936 and 1937, production control became a byproduct, whereas in the 1934 and 1935 emergency programs it was a primary objective. However, the 1936 and 1937 program proved ineffective in maintaining burley supplies in line with demand.

12. As originally enacted, the Agricultural Adjustment Act of 1938 provided for marketing controls of burley through poundage quotas, which became effective for the 1938 crop. Allotments of burley acreage were continued under the separate Agricultural Conservation Program. Many factors impeded the success of the 1938 marketing quota program, one of which was the variability of yields which resulted in some growers producing in excess of their marketing quotas, whereas others produced less than their quotas. Grower dissatisfaction resulted in less than the two-thirds affirmative vote necessary for continuing in effect marketing quotas for the 1939 crop. Since the new method of marketing control was in effect for a single year, it is judged by some not to have been thoroughly tested. Amendment of the Agricultural Adjustment Act in 1939 authorized conversion of the poundage marketing quota into acreage allotments. The marketing quota for each farm was the actual production of the farm acreage allotment. Thus, beginning with 1940, when grower-approved marketing quotas were again in effect, the control feature of the burley program has depended on acreage allotments.

13. Marketing quota and acreage allotments in World War II were expanded to provide for wartime needs. Larger allotments to established farms and additional acreage allocated to approximately 26,000 new farms raised the national allotment by 1945 to a peak nearly 65 percent greater than in 1940. The allotments were greatly increased in order to make possible a substantial expansion in burley production, recognizing that plantings would probably fall short of allotments due to shortages of labor, fertilizer, and other facilities. In increasing allotments, emphasis was placed on expanding production on small farms. Wartime legislation established specified minimum allotments at 0.5 acre in 1943 and one acre in 1944. The minimum allotment was reduced to 0.9 acre in 1946, and by legislative amendment the level protected from further cuts was reduced to 0.7 acres beginning with the 1953 crop. As mentioned in paragraph 6, the minimum was reduced further by recent legislation.

14. The large expansion in acreage allotments during the war created a problem of postwar adjustment. Allotment reductions were made gradually, due to provisions of the law protecting minimum allotments and to a policy of spreading cuts over several years to avoid dislocating the economy in the burley areas. Postwar adjustments were interrupted by the Korean outbreak, when allotments were increased to assure adequate supplies during the defense emergency. Acreage allotments have been reduced each year since 1952.

INTRODUCTION

Production of burley tobacco during the preceding four years has exceeded disappearance by around 350 million pounds, even though since 1952 reductions in allotments, through Government control programs, have been made. A burdensome surplus has resulted. The Congress, in order to gain basic information that would assist in the formulation of an improved program for the production and marketing of burley tobacco, enacted Public Law 96 (approved June 28, 1955), directing the Secretary of Agriculture to make a study of various control methods which have been or could be made applicable to burley tobacco. This law provides as follows:

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purpose of developing basic information which will aid the Congress in formulating an improved program for the production and marketing of burley tobacco, the Secretary of Agriculture is authorized and directed (a) to make a study of the various methods of marketing control which have been or could be made applicable to burley tobacco, including farm marketing quotas, poundage limitations, acreage limitations, and a combination of both poundage and acreage limitations, and (b) to submit to the Congress on or before November 1, 1955, a detailed report thereon showing among other things the probable costs, effects, and feasibility of each type of operation studied and what legislation, if any, would be needed to put it into effect. The Secretary may conduct such hearings and receive such statements and briefs as are necessary to carry out the purpose of this joint resolution."

Procedure Followed in Making the Study

To conduct this study, a work group was appointed representing agencies within the Department that have responsibilities for various phases of tobacco work. Members of this work group were authorized to call upon other specialists in the Department who could make contributions to this study.

The Department prepared a letter (see Appendix A) which requested the views, comments, and suggestions of farm organizations, producer cooperatives, other agricultural agencies, and appropriate divisions in agricultural universities. This letter outlined specific topical headings to be considered by the respondent groups and suggested that any other aspects related to the burley control problem also be covered. Numerous replies were received and have been of much assistance to the study and the formulation of this report.

The Department held six public hearings (see Appendix B) in connection with the study. These were at locations selected so as to give an opportunity throughout the burley producing areas for the presentation of views by producers and others who were interested. These hearings were attended by a sizable number of people in each instance. Information received at these hearings helped considerably in carrying on the study.

A thorough study was made of the historical experience with the control programs affecting burley running back to 1933. This encompassed the basic legislative provisions, the procedures and administrative techniques by which legislation was implemented, and the economic aspects and developments that have characterized the burley situation for the years since 1932. Inasmuch as some type of burley control program has been in effect over this long span of years with varying economic and war time conditions and many legislative changes, this part of the study is covered extensively in this report.

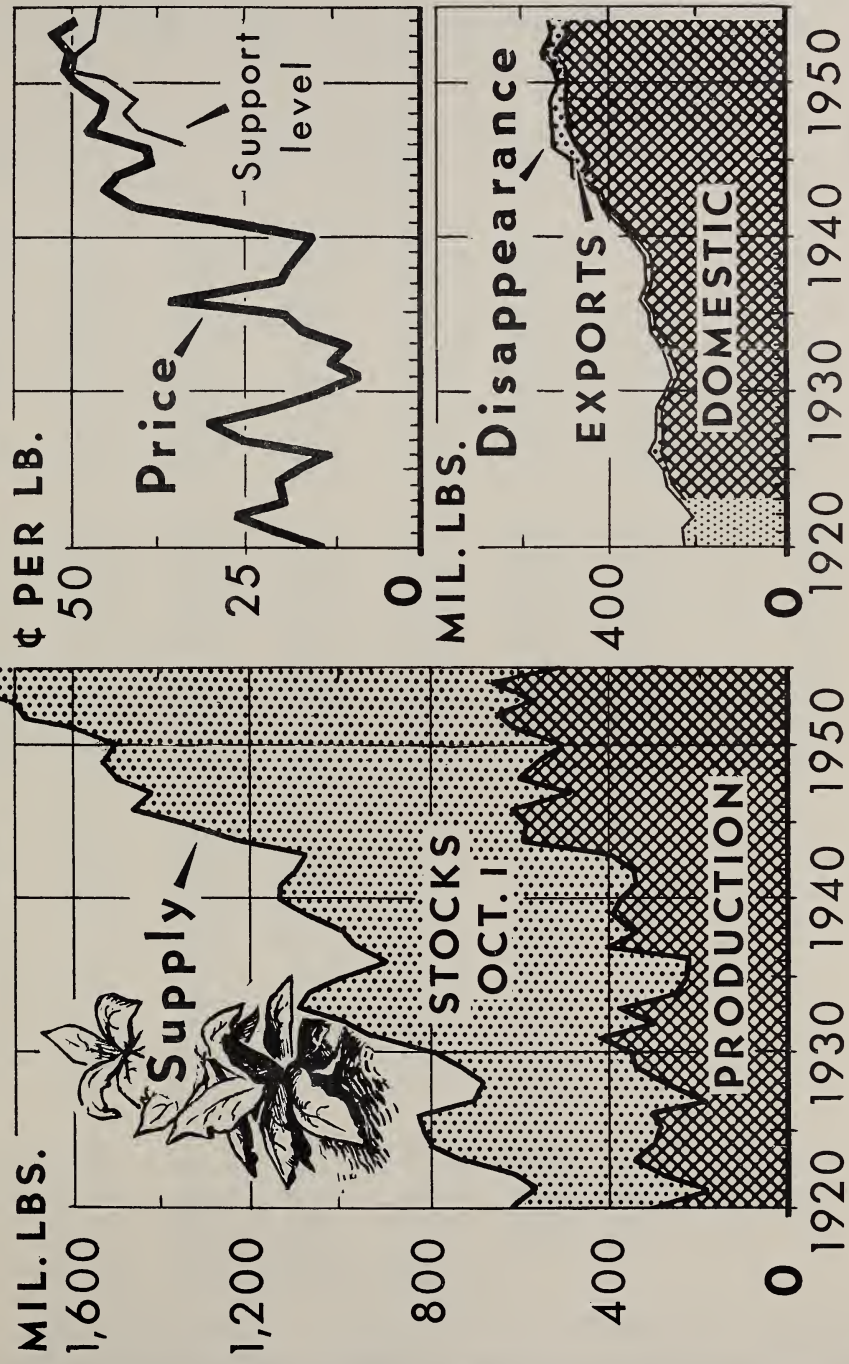
The work group interviewed several persons who in past burley programs had administrative responsibilities at national and State levels and discussed with them the procedures and problems of former programs. Also, their views were solicited with respect to feasible modifications of the present program. These discussions were fruitful and provided valuable insights to members of the work group.

Major Economic Aspects of the Burley Supply Problem

Burley tobacco is one of the principal constituents of all major brands of domestically manufactured cigarettes and also has smaller, but still significant, outlets in smoking and chewing tobacco products and in export markets. A desirable average level of supply--production plus carryover stocks--for unmanufactured burley leaf is generally considered to be about 2.8 times as much as a given year's total of domestic usage and exports. During World War II, as consumption rose sharply, supplies dropped to a level below this relationship; but in the postwar years through 1950, the relationship was fairly well maintained. After the Korean outbreak in 1950, acreage allotments for burley during the defense emergency were increased to assure that supplies would be reasonably adequate under the uncertain conditions of world tension then current.

In 1951 and 1952, two record (at that time) large crops were produced reflecting not only the increased allotments but also very high yields per acre. The ratio of total supply to disappearance--the total of domestic use plus exports--rose to 3.1 at the outset of the 1952-53 marketing year. The 1953 acreage allotments were reduced, and with a smaller yield per acre the crop was substantially below the previous year's high crop but still above the annual disappearance. Total domestic usage of burley in the October 1953-September 1954 marketing year turned downward from the peak of the preceding year--mainly due to the moderate drop in cigarette manufacture. The 1953 crop plus the enlarged carryover stocks--reflecting the large 1952 crop--raised the supply-disappearance ratio to nearly 3.3 at the outset of 1953-54. A further moderate reduction in acreage allotments occurred in 1954. However, particularly favorable weather in the producing areas, improved cultural practices, heavy fertilization, and a sizable overplanting of allotments resulted in a new record high average yield per acre and a huge record-breaking crop. Carryover stocks also were up some from a year earlier, so that the total supply of burley tobacco for the 1954-55 marketing year rose further to 3.5 times the 1954-55 disappearance. Disappearance in 1954-55 remained at about the same levels as in 1953-54.

BURLEY TOBACCO



YEAR BEGINNING OCTOBER

Figure 1

Table 1.--Total United States: Acreage, yield per acre, supplies, disappearance, season average price and value of production burley tobacco, 1920-55

Crop year	Acreage	Yield per acre	Production	Carry-over	Supply	Disappearance	Supply	Disappearance	Season average	Value of production
1/	acre	lb.	lb.	Oct. 1	1	Total	Domes- tic	Ex- ports	2/ Ratio	price: pro- duc- tion
	1,000 acres	Lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents per lb.	Mil. dol.
1920:	364.5	789	287.7	323.5	611.2	224.5	---	---	2.72	13.5 38.8
1921:	232.9	754	175.7	386.7	562.4	229.2	---	---	2.45	21.5 37.8
1922:	322.7	857	276.4	333.2	609.6	209.7	---	---	2.91	26.8 74.2
1923:	390.3	872	340.4	399.9	740.3	234.9	226.0	8.9	3.15	20.0 68.0
1924:	348.4	849	295.8	505.4	801.2	266.4	259.6	6.8	3.01	20.1 59.5
1925:	344.9	806	277.8	534.8	812.6	271.4	264.8	6.6	2.99	18.0 50.0
1926:	347.0	832	288.8	541.2	830.0	304.2	283.4	20.8	2.73	13.1 37.7
1927:	241.1	731	176.2	525.8	702.0	288.7	280.5	8.2	2.43	25.9 45.6
1928:	329.7	816	269.1	413.3	682.4	288.2	281.1	7.1	2.37	30.5 82.1
1929:	418.1	807	337.4	394.2	731.6	293.3	282.2	11.1	2.49	21.8 73.4
1930:	472.1	740	349.2	438.3	787.5	277.3	267.4	9.9	2.84	15.5 54.0
1931:	502.7	845	424.8	510.2	935.0	252.4	239.7	12.7	3.70	8.7 36.1
1932:	410.2	740	303.7	682.6	986.3	266.0	254.1	11.9	3.71	12.5 38.1
1933:	501.5	753	377.5	720.3	1,097.8	277.5	261.5	16.0	3.96	10.5 39.7
1934:	303.5	831	3/234.2	820.3	1,054.5	284.6	270.8	13.8	3.70	16.9 39.6
1935:	279.8	794	222.1	769.9	992.0	310.3	300.1	10.2	3.20	19.1 42.4
1936:	302.5	729	220.4	681.7	902.1	330.3	317.5	12.8	2.73	35.7 78.7
1937:	443.3	907	402.2	571.8	974.0	313.3	300.6	12.7	3.11	20.1 80.8
1938:	407.1	833	339.2	660.7	999.9	315.8	302.9	12.9	3.17	19.0 64.4
1939:	424.7	931	395.3	684.1	1,079.4	317.1	305.5	11.6	3.40	17.3 68.6
1940:	360.3	1,045	376.6	762.3	1,138.9	340.8	335.2	5.6	3.34	16.2 60.9
1941:	341.9	985	336.8	798.1	1,134.9	379.6	373.2	6.4	2.99	29.2 98.5
1942:	350.6	980	343.5	755.3	1,098.8	412.8	406.9	5.9	2.66	41.8 143.7
1943:	399.3	982	392.1	686.0	1,078.1	426.9	417.8	9.1	2.53	45.6 178.7
1944:	496.6	1,189	590.6	651.2	1,241.8	482.8	473.4	9.4	2.57	44.0 259.7
1945:	512.3	1,127	577.2	759.0	1,336.2	482.9	447.6	35.3	2.77	39.4 227.5
1946:	489.0	1,256	614.0	853.3	1,467.3	526.5	476.6	49.9	2.79	39.7 243.6
1947:	420.5	1,153	484.7	940.8	1,425.5	523.2	495.7	27.5	2.72	48.5 234.9
1948:	432.0	1,396	602.9	902.3	1,505.2	530.9	489.0	41.9	2.84	46.0 277.4
1949:	447.4	1,253	560.5	974.3	1,534.8	534.6	493.6	41.0	2.87	45.2 253.2
1950:	408.3	1,222	499.0	1,000.3	1,499.3	518.0	488.0	30.0	2.89	49.0 244.5
1951:	456.1	1,355	618.1	981.3	1,599.4	538.2	506.7	31.5	2.98	51.2 316.6
1952:	463.5	1,403	650.1	1,061.2	1,711.3	547.9	519.0	28.9	3.12	50.3 327.0
1953:	419.7	1,345	564.4	1,163.4	1,727.8	529.6	495.0	34.6	3.26	52.5 296.3
1954:	420.9	1,585	667.2	1,198.2	1,865.4	530.0*	497.0*	33.0*	3.52	49.8 332.5
1955:	325.7*	1,590*	517.9*	1,335.4*	1,853.3*					

1/Year beginning October 1. 2/Computed from unrounded data. 3/Excludes 18 million pounds rendered unmerchantable by growers operating under contract with AAA.

* Acreage indicated as of July 1; all other indications as of October 1.

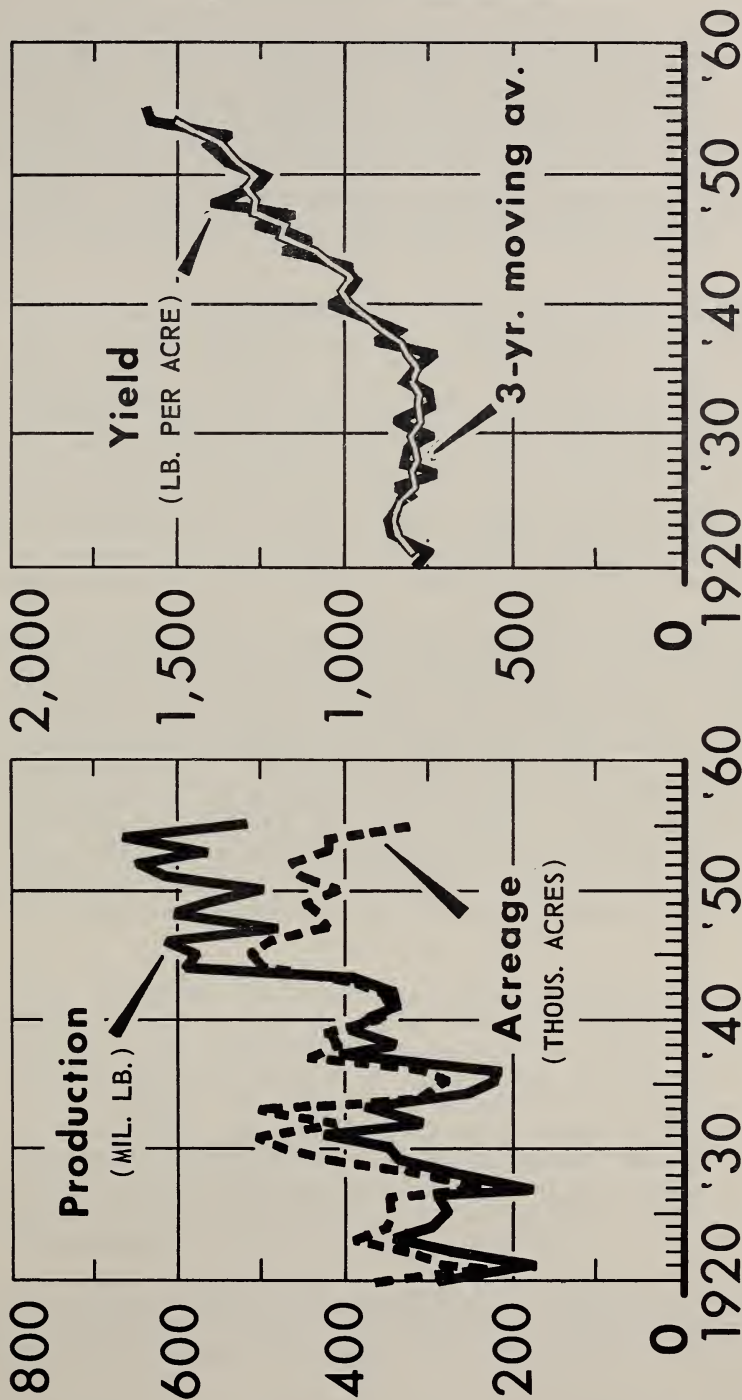
It should be pointed out that the exceedingly large size of the 1954 crop could not be confirmed until marketings were virtually completed in February 1955. It is also important to note that the moderate downturn in cigarette manufacture in 1953-54 in contrast to the trend in previous years also contributed to some degree in heightening the supply-disappearance ratio for burley tobacco. A very significant aspect in the current unbalance of the burley supply is the upward trend in yields per acre. This uptrend is readily seen in graphic form in Figure 2.

When the seriousness of the oversupply of burley tobacco became fully apparent in early 1955, the tobacco subcommittees of the Senate and House Agricultural Committees called a joint hearing to consider the problem. The Department of Agriculture was asked to call some meetings throughout the burley producing area to discuss the situation with growers and learn what steps growers wished to take. The ultimate outcome of this was the enactment of Public Law 21 (approved March 31, 1955) which directed the Secretary to redetermine the 1955 quota which had, by existing law, been set prior to December 1, 1954. The previously announced 1955 quota had provided for a 10-percent reduction in acreage allotments and the new law authorized up to a 25-percent reduction. This new law also made changes with respect to the minimum size allotments -- a large group to which special provisions have applied for many years in past burley programs. The redetermined 1955 acreage allotments were sharply lower than those of a year earlier and the law required a special referendum. At least two-thirds of the growers voting had to be in favor of the redetermined level or no control would be operative and no price support would be available. Burley growers voted overwhelmingly in favor of the redetermined marketing quota.

Available data thus far indicate that harvested acreage of burley this year may be nearly one-fourth less than in 1954 but that yields per acre are near or above last season's record average. While the crop may turn out to be 20 to 25 percent smaller than in 1954, the substantial jump in carryover-- a reflection of last year's big crop -- results in the total supply for 1955-56 being close to the high 1954-55 level. Current data indicate some increase in cigarette manufacture and a further gradual increase during 1956. The current supply-disappearance ratio is near 3.4 compared with the afore-mentioned 2.8, which represents a more desirable and balanced relationship.

The price support program has protected burley growers from the impact of the increased supplies as they would have affected prices and incomes. In 1952 and 1953 roughly one-sixth of each crop was placed under Government loan and in 1954, a record volume and proportion--one-third of the crop--was placed under loan. A sizable quantity of the 1952 crop placed under loan has been moved into trade channels but very high percentages of the 1953 and 1954 crops placed under loan remain. The stocks of burley tobacco under Government loans as of October 1, 1955, represented about 35 percent of total burley stocks in this country.

ACREAGE, PRODUCTION, AND YIELD PER ACRE OF BURLEY TOBACCO



FOR 1955: ACREAGE INDICATED AS OF JULY 1; PRODUCTION AND YIELD AS OF OCTOBER 1

Figure 2

Important Characteristics of Burley
Production and Marketing

Burley tobacco is produced in significant quantities in eight States--Indiana, Kentucky, Missouri, North Carolina, Ohio, Tennessee, Virginia, and West Virginia--and lesser production occurs in several other States. It represents more than one-fourth of the total tobacco production of the United States, ranking next to flue-cured in volume. There are approximately 300,000 farms on which burley is grown, and it is the major source of cash income to these farmers. The greater number of growers have relatively small acreages--with acreage allotments this year averaging only about 1 acre per farm compared with 1-2/3 acres in the immediate postwar years.

Burley production requires a great deal of man labor--preparing the planted and the land; operations during the growing season; and in the harvesting, curing and stripping of the crop. The hours of man labor required varies somewhat by area but averages around 400 hours per acre. The use of improved varieties, improved cover crops, heavier application of fertilizer (too heavy by some growers), and better cultural practices have brought about a significant increase in yields per acre. Such advances in productive efficiency were given considerable impetus by limitation on and progressive curtailment of acreage that could be grown under the acreage allotment programs. The average per acre yield in the 1953-55 seasons (1955 indicated as of October 1) was 1,507 pounds--19 percent higher than the 1947-49 average.

Growers of burley after sorting their tobacco into "farm grade" groups, deliver them to market beginning about December 1. There are about 60 market centers with about 358 auction warehouses for selling burley tobacco. The auctioning usually is completed in about a 3-month period. The operators of the auction warehouses provide the facilities where domestic dealers, export dealers, and manufacturers make their purchases and also, rapidly arrange for payment to the growers. The tobacco is piled on baskets on the auction floor and inspected and graded by Federal graders before the sales begin. Federal graders place the appropriate one of about 100 grade or sub-grade designations on each pile. A ticket on each pile shows the Government grade and the Government support price for each grade and other identifying data.

Following the sales, the tobacco is removed, redried (to fix proper moisture content), packed, and placed in storage to age until ready for use in manufacturing or for exportation. Aging usually requires around 2 years and thus manufacturers are obliged to carry substantial stocks or depend on dealers for such stocks. When ready for manufacture, burley is carefully blended with flue-cured, Maryland, and oriental types to make the characteristic cigarette so much preferred by United States smokers. It is estimated that burley constitutes approximately one-third of the tobacco in the average cigarette manufactured in this country. Blending with other types also often occurs in the manufacture of other tobacco products.

In recent years, domestically manufactured cigarettes have comprised approximately 80 percent of the total outlet for burley; manufactured smoking and chewing tobacco, about 13 percent; and leaf exports, about 7 percent.

The volume of all tobacco used in cigarettes trended steadily ^{upward} through the calendar year 1952, held about even in 1953, but dropped about 4-3/4 percent in 1954. Indications are that the volume used in 1955 will be about 2-1/2 percent above 1954. Consumption of chewing and smoking tobacco products have declined sharply below that in the prewar period and these products now require only about one-half as much burley. The downtrend in smoking tobacco appears to be leveling off but will probably continue for chewing tobacco. Exports of burley leaf in postwar years have been mostly 2-1/2 to 3 times their prewar level. Of considerable importance is the necessity for assuring a full range of offerings of burley of varying qualities and prices to retain all market outlets and to expand them if possible.

Criteria for Appraising Different
Methods of Control for Burley

The possible alternative methods of controlling burley production and marketing should be considered from the standpoint of some major criteria. These include (1) the effectiveness in accomplishing the objective of bringing about a given volume of production and marketing, (2) the equitableness that can be achieved in allocations among growers, (3) the effects on production, manufacturing utilization, and consumption of tobacco and its products, and also on exports, (4) the effects with respect to Government price support operations, the present Government loan stocks and possible further accumulations, (5) the administrative costs to the Government (6) the administrative problems resulting to the Government, growers, and the industry, (7) the effects on production and marketing practices and (8) acceptability of the program to growers.

There are overlapping elements in applying some of these criteria and while some one method of control may be effective in controlling the maximum outturn of a crop that may be marketed, it may have undesirable effects with respect to utilization and even consumption. On the other hand, control may be made fairly effective but would bring about or possibly even necessitate considerable change in production and marketing practices. Unquestionably involved in considering any control program is administrative feasibility. Programs may be complicated but still enforceable. Considerable difficulty may arise in explaining new and probably complex regulations to growers and winning their acceptance.

SECTION I

FARM ACREAGE QUOTAS -- THE PRESENT PROGRAM

How the Present Program Operates

The purpose of marketing quotas on tobacco is to promote, foster, and maintain an orderly flow of tobacco in interstate and foreign commerce, and thereby to enable farmers, who cannot do so individually, to work together to maintain supplies in line with demand.

Prior to enactment of Public Law 279, 84th Congress, when the supply exceeded defined levels -- that is, when there was a surplus, -- or if a quota was proclaimed for the preceding year -- the Secretary was required to proclaim a quota and call for a referendum. Two-thirds or more of the growers voting must approve quotas before they can be used.

Public Law 279, 84th Congress, approved August 9, 1955 amended the Agricultural Adjustment Act of 1938, as amended, to provide that the Secretary shall, not later than December 1 of any marketing year, proclaim a national marketing quota for any kind of tobacco for each of the next three succeeding marketing years whenever he determines with respect to such kind of tobacco--

- (1) That a national marketing quota has not previously been proclaimed and the total supply as of the beginning of such marketing year exceeds the reserve supply level therefor;
- (2) That such marketing year is the last year of three consecutive years for which marketing quotas previously proclaimed will be in effect;
- (3) That amendments have been made in provisions for establishing farm acreage allotments which will cause material revision of such allotments before the end of the period for which quotas are in effect; or
- (4) That a marketing quota previously proclaimed for such marketing year is not in effect because of disapproval by producers in a referendum held pursuant to provisions of the Act: Provided, however, if such producers have disapproved national marketing quotas in referenda held in three successive years subsequent to 1952, thereafter a national marketing quota shall not be proclaimed hereunder which would be in effect for any marketing year within the three-year period for which national marketing quotas previously proclaimed were disapproved by producers in a referendum, unless prior to November 10 of the marketing year, one-fourth or more of the farmers engaged in the production of the crop of tobacco harvested in the calendar year in which such marketing year begins, petition the Secretary, in accordance with such regulations as he may prescribe, to proclaim a national marketing quota for each of the next three succeeding marketing years.

The Secretary is required to determine and announce, prior to the first day of December, the amount of the national marketing quota which will be in effect for the next marketing year in terms of the total quantity of tobacco which may be marketed which will make available during such marketing year a supply of tobacco equal to the reserve supply level. The amount of the national marketing quota so announced may, not later than the following March 1, be increased by not more than 20 per centum if the Secretary determines that such increase is necessary in order to meet market demands or to avoid undue restrictions of marketings in adjusting the total supply to the reserve supply level.

Within 30 days after the proclamation of national marketing quotas, the Secretary conducts a referendum of farmers engaged in the production of the crop of tobacco harvested immediately prior to the holding of the referendum to determine whether such farmers are in favor of or opposed to such quotas for the next three succeeding marketing years. If more than one-third of the farmers voting oppose the national marketing quotas, such results are proclaimed by the Secretary and the national marketing quotas so proclaimed are not in effect.

The Secretary apportions the national marketing quota, less the amount to be allotted to new farms and for further increases in allotments to small farms, among the several States on the basis of the total production of tobacco in each State during the five calendar years immediately preceding the calendar year in which the quota is proclaimed, with such adjustments as are determined to be necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases during such five-year period.

The State marketing quotas (pounds) are converted into State acreage allotments (acres) on the basis of average yields per acre for each State during the five years preceding the year in which the national marketing quota is proclaimed, adjusted for abnormal conditions of production. The use of the preceding five-year average yield when yields are trending upward, results in a larger acreage for allotment than is needed to produce the quota.

The State acreage allotment is allotted, through local committees, among farms on which tobacco is produced, on the basis of the following: past acreage of tobacco, making due allowance for drought, flood, hail, other abnormal weather conditions, plant bed, and other diseases; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco.

Beginning with the 1947 crop, it was administratively determined that the farm acreage allotments established for the previous year gave adequate weight to the various factors required to be considered in establishing farm acreage allotments if the harvested acreage was substantially the same as the allotted acreage. If the acreage of tobacco harvested on a farm in each of the preceding three years was less than 75 percent of the allotment,

or if the acreage harvested exceeded the farm acreage allotment by more than ten percent, the allotment was recomputed. Recent legislation provides that in establishing allotments for the three years 1956-58, no reductions will be made because of underplanting if the acreage harvested during any of the preceding five years is as much as 50 percent of the farm acreage allotment. Further, recent legislation provides that any acreage of tobacco harvested in excess of the farm acreage allotment for the year 1955, or any subsequent crop shall not be taken into account in establishing State and farm acreage allotments.

An acreage equal to one-half of one percent of the total acreage allotted in the State during the previous year has been made available to local committees for increasing allotments where they found that an increase was necessary to establish allotments which are fair and equitable in relation to the allotments for the other farms in the community on the basis of the past acreage of tobacco, the land, labor, and equipment available for the production of tobacco and other factors. For 1956, the acreage available for such increases has been reduced to one-tenth of one percent of the 1955 allotted acreage.

An acreage is made available each year for establishing allotments for farms upon which no burley tobacco was grown during the preceding five years. One-half of one percent of the national marketing quota has been reserved for allotment to "new" farms in recent years. The acreage reserved for allotment to "new" burley farms in 1956 has been reduced to one-fourth of one percent of the total acreage. Under the Secretary's regulations, in order to obtain a new farm allotment, the farm operator is required to have had two years experience in growing burley during the past five years, and to be living on and largely dependent for his livelihood on the farm for which an allotment is requested. He must own the farm and can neither own nor operate any other burley farm, and the farm or any portion of it cannot have been a part of another burley farm during the past five years.

Since 1943, legislation has provided for "minimum" farm acreage allotments for burley tobacco. No minimum provision is in effect for any other kind of tobacco. The acreage required to maintain the burley minimum is in addition to the State acreage allotments and the production on such acreage is in addition to the national marketing quota. An effect of the minimum allotment provision is the production of burley that contributed to the excess above that needed to maintain supplies in line with demand. Public Law 21, 84th Congress, approved March 31, 1955, provides that the farm acreage allotment for burley tobacco for any year shall not be less than the smallest of (1) the allotment established for the farm for the immediately preceding year, (2) five-tenths of an acre, or (3) ten percent of the cropland in the farm.

Any farmer who is dissatisfied with his farm acreage allotment may appeal to a local review committee appointed for that purpose by the Secretary. If he is dissatisfied with the determination of the review committee, the farmer may appeal to the courts.

A representative of the county committee measures the tobacco acreage on each farm to determine whether the acreage planted is within the allotment established for the farm. Since burley tobacco is, in many instances, planted in small and irregular fields, many problems have been encountered in obtaining accurate measurements. It was long the practice to compute field measurements in hundredths, and after determining the farm total the hundredths were dropped. This resulted in a "tolerance" of nine one-hundredths of an acre for each farm. In reporting H.R. 8170, 82nd Congress, 2nd Session (House Report 2349) the Committee on Agriculture recommended that this tolerance be reduced drastically. In compliance with this recommendation, a policy of rounding all farm burley tobacco acreages to the nearest tenth of an acre was adopted. This had the effect of reducing the tolerance to five one-hundredths of an acre. To increase the effectiveness of the program, a policy of carrying both allotments and harvested acreages in hundredths was adopted for the 1955 crop. This policy reduced the tolerance to nine one-thousandths of an acre for each farm. Efforts were made to obtain more accurate and timely measurements of tobacco acreages in 1955 through further use of aerial photography and more intensive training and supervision of committeemen and reporters. This policy was strengthened by a provision of Public Law 21, approved March 31, 1955, which provides for a reduction in the acreage allotment next established for a farm if any producer on the farm files, or aids or acquiesces in the filing of, any false report with respect to the acreage of tobacco grown on the farm.

If the acreage of tobacco planted on the farm is not in excess of the farm acreage allotment, all tobacco produced on the farm may be marketed without penalty regardless of the yield; and all of the tobacco grown on the farm is eligible for Government price support. If the acreage of tobacco planted on the farm is in excess of the farm acreage allotment, the farm operator may dispose of the excess by (1) not harvesting the excess acreage, (2) destroying tobacco produced on the excess acreage, or (3) storing the excess tobacco under bond. The tobacco produced on a farm for which the harvested acreage exceeds the farm acreage allotment is not eligible for Government price support. Any tobacco marketed in excess of farm marketing quota (i.e., the actual production of the farm acreage allotment), is subject to a penalty of 75% of the average market price during the preceding year. The penalty on the marketing of excess burley tobacco during the 1955-56 marketing year is 37 cents per pound, as compared with 26 cents per pound during the 1954-55 marketing year, when the rate of penalty was 50 percent of the average market price during the preceding year.

The county committee issues to the operator of each farm having tobacco available for market a marketing card to be used in identifying the tobacco marketed from the farm. "Within Quota" marketing cards are issued for farms for which the harvested acreage does not exceed the acreage allotted. Excess marketing cards are issued for farms on which the harvested acreage exceeds the allotted acreage. Each excess marketing card shows a converted rate of penalty applicable to the tobacco marketed from the particular farm which is based on the percentage that the harvested acreage is of the excess acreage.

The regulations issued by the Secretary provide that each marketing of tobacco from a farm shall be identified by an executed memorandum of sale from the marketing card issued for the farm on which the tobacco was produced. When a farmer sells tobacco, he presents his marketing card to the warehouseman or buyer for recording the sale. On auction warehouse floors, the Department of Agriculture has a representative to assist warehousemen in recording or identifying sales. Each memorandum is executed in two parts--one copy remains with the warehouseman or buyer and the other copy is forwarded through the State office to the Agricultural Stabilization Conservation office in the county in which the tobacco was grown. In the

case of sales of tobacco identified by excess memoranda of sale, the penalty is deducted by the warehouseman or buyer from the proceeds of the sale and sent in periodically to the State Agricultural Stabilization Conservation office for deposit in the Treasury. Failure of the warehouseman or buyer to obtain a memorandum of sale makes the tobacco subject to penalty. Warehousemen and buyers are liable for the penalty on all marketings of excess tobacco except in certain violation cases where the warehouseman or buyer is not known, or if known, is not involved.

The county copies of the memoranda of sale are filed by farms in the county offices and constitute the production record (warehouse bill number, pounds sold and gross price) for each individual tobacco producing farm in the county. From this production record, an average yield per acre is determined for each farm. Examining or reviewing these individual farm yields to determine whether the production record for each farm is satisfactory and all penalties due have been paid is one of the most important responsibilities of community and county committeemen. In cases of excess farms with unusually low yields and within quota farms with unusually high yields, hearings are held at which farmers are given an opportunity to clear up questions on the production record for their farm. The regulations provide that the farmer shall furnish a report of the production and disposition of all tobacco produced if there is reason to believe that excess tobacco has been marketed from the farm without payment of the penalty due or if there is reason to believe that excess tobacco has been marketed on a within quota marketing card, penalty free. The regulations also require allotment reductions if the county and State committees determine that a farmer has failed to furnish a satisfactory report of the production and disposition of his tobacco or if they determine that the farmer misused his marketing card in identifying tobacco produced on another farm.

The regulations also provide for the filing of reports on all tobacco handled by warehousemen and dealers. Their reports are sent directly to the State ASC offices where they are carefully examined in a further effort to insure that all tobacco sales have been properly identified and penalties paid.

The only major change in the tobacco program since enactment of the Agricultural Adjustment Act of 1938 occurred in 1940 following an amendment to the Act which authorized the establishment of an acreage allotment for each farm rather than a marketing quota in pounds. While there have been some amendments to the Act since that time and some changes in the regulations designed to strengthen the program, the mechanics of administering the tobacco programs have remained fairly constant.

Advantages and Disadvantages of Present Program

A principal advantage of the present acreage program is its general understanding and acceptance by growers and all other segments of the tobacco industry. The allocation of acreage to individual farms under this program is relatively simple and has been generally accepted as equitable. For a considerable number of years, it was successful in maintaining supply reasonably well in balance with demand. Under the present acreage system farmers are able to measure their acreages with sufficient accuracy to know that they can market their entire production free of penalty and that the entire production is eligible for Government price support. This program makes the determination of eligibility for price support both simple and effective. Another advantage is that under the present acreage program growers will market all grades of tobacco so that any potential market demand can be satisfied. This program efforts individual growers latitude to exercise initiative in increasing yields per acre. However, particularly in

recent years, this tendency to increase yields has been a major factor in preventing the attainment of the primary objective of the program--maintaining supply in line with demand.

The most apparent disadvantage of the present acreage program is that it has failed to maintain supplies in line with demand in recent years largely because of increased yields per acre. The Government loan stocks of burley have risen to a record high level. While acreage allotments can be adjusted downward in an effort to maintain supplies in line with demand, the protection afforded burley minimum allotments have limited the reductions in the allotted acreage. Another disadvantage of the present acreage program is the difficulty and expense of obtaining accurate acreage measurements. The incentive for obtaining higher and higher yields per acre through heavy fertilization has, in many instances, resulted in loss in quality.

Needed Legislation for Further Changes

No significant changes in legislation relating to the present program appear to be necessary at this time.

Costs

The total obligations in connection with agricultural adjustment programs for all kinds of tobacco during the 1955 fiscal year were \$4,570,000. Since burley tobacco is, in many instances, produced in the same States and counties which produce other kinds of tobacco, no records are available to show the actual expenditures for burley tobacco. Since about 50 percent of the farms producing tobacco in the continental United States produce burley tobacco, it appears reasonable to assume that the cost of administration of the present burley acreage allotment program during the 1955 fiscal year was approximately \$2,250,000.

Penalties on the marketing of excess tobacco of the 1954 crop totaled \$5,570,000, of which \$2,674,000 was collected on the marketing of excess burley tobacco. Penalties collected on the marketing of excess tobacco during the past five years averaged \$4,166,000 per annum.

The cost of administration of the present acreage allotment program for burley tobacco is relatively small in comparison with the potential loss under the price support program. Although the price support program for burley tobacco has been operated over the years with no loss to the Government, the investment of CCC funds under the burley price support program as of October 1, 1955, totaled \$231,729,000. Unless supplies of burley tobacco can be adjusted to demand, substantial loss under the price support program is inevitable.

SECTION II

COMBINATION FARM ACREAGE AND POUNDAGE QUOTAS

How Such a Program Might Be Applied

This method of control would provide for an acreage allotment program similar to the present one with the addition of poundage limitations. The recent increase in per acre yields has more than offset the downward adjustment in acreages, resulting in production in excess of needs. Further, there is evidence that some of the production practices used to increase per acre yields adversely affect quality. The use of a combination of poundage and acreage limitations approach would be designed to control marketings more effectively and remove some of the incentive for increased yields per acre and place more emphasis on the production of high quality tobacco,

Under the combination of acreage and poundage, the Secretary would determine and announce prior to the first day of December the amount of the national marketing quota which would be in effect for the next marketing year in terms of the total quantity of tobacco which may be marketed and which will make available during such marketing year a supply of tobacco equal to the reserve supply level. The amount of the national marketing quota so announced may, not later than the following March 1, be increased by not more than 20 percent if the Secretary determines that such increase is necessary in order to meet market demands or to avoid undue restrictions of marketing in adjusting the total supply to the reserve supply level. These determinations would be made in about the same manner as is now done under the present program.

The Secretary would convert the poundage marketing quota into a national acreage allotment by dividing the national poundage marketing quota by the average of the adjusted base yields for all burley farms and apportion same, less any reserves established, among the States on the basis of the percentage that the base acreage for all farms in any State is of the base acreages for all burley farms. A provision for some reserve for new farms and adjustments for old farms would be needed.

The Secretary would also establish an adjusted five-year average yield per acre for each State and county in which burley tobacco is grown. In determining the State or county five-year adjusted base yield, consideration should be given to (1) the five-year average yield determined from county office records with respect to the operation of the marketing quota program, (2) yields determined by the Crop Reporting Board of the Agricultural Marketing Service with such adjustments as are necessary to offset abnormal weather conditions, and (3) other factors affecting yields per acre. The county committee would establish an acreage allotment for each farm as is now done under the current program. If a combination of acreage and pounds were adopted, it is assumed that the acreage allotment established under the present program would become the base acreage for the farm. Thus, the existing provisions of law relating to minimum allotments would be applied in establishing the base acreage for the farm. In addition, the county committee would establish a base yield or yield per acre for each farm for which a base acreage is established. Such yields should be established primarily

on the basis of the history of yields per acre on the farm during a recent period. In establishing such base yields, provisions would need to be made to correct for abnormal weather conditions and other factors. A number of options could be offered to eliminate some of the inequities which would result from a single rule. For example, such options might include: (1) the five-year simple average yield for the farm; (2) the most recent three-year simple average yield for the farm; or (3) the simple average of the three high yields for the farm during the five-year period. The highest yield would be selected as a starting point. Consideration should be given also to a provision which would limit the base yield for any farm to a fixed percentage such as not to exceed 125 percent nor be less than 75 percent of the county or community average yield. Such a spread would seem to afford sufficient range in farm yields not unduly penalizing those farmers who have obtained higher than average yields and yet permitting those farmers with exceptionally low yields to improve their position to some extent.

Authority should be provided to local committees for adjusting individual farm yields per acre in order to achieve the greatest possible equitableness among all farms. After these adjustments have been made, the adjusted base yield would be increased or decreased uniformly so that the yields for all farms in the county would equal the five-year adjusted county yield. The poundage quota for each farm would be determined by multiplying the base yield by the allotted acreage.

The holding of a referendum among growers to determine whether they favor or oppose the quota and an opportunity for individual growers to appeal their base acreage or base yields should be similar to those provisions under the current program.

Many problems arise with respect to the establishment of poundage limitations or "base yields" for individual farms on a fair and equitable basis. Although the Department has not fully explored the possible solutions to these problems, it is believed they can be solved in a manner which would be acceptable to the great majority of burley growers. These problems are not unlike those faced initially in the establishment of acreage limitations not only on tobacco, but on all other commodities on which quota programs have been utilized.

The present program has been operated in such a way that records showing the actual marketings and per-acre yields of burley tobacco from each farm for each of the past 15 years are readily available in County Agricultural Stabilization and Conservation offices. These per-acre yield data are generally accurate except with respect to those farms where inadequate measurement and enforcement efforts may have resulted in distorted yields. This distortion works both ways, so that the yields for some farms may be overstated, while yields for other farms may be understated. However, in such cases, these data can be used as a starting point for establishing poundage limitations. Consideration should be given to the discretion to be exercised by local committees in adjusting "base yields" among farms to assure that such poundage limitations are as fair and equitable as possible.

Compliance with the acreage allotment established for the farm would determine eligibility for Government price support and whether any marketing quota penalty would be due. Thus, if the acreage harvested on the farm is not in excess of the acreage allotment, all tobacco marketed from the farm

would be eligible for price support and no penalties would be due. In such a case, if the actual production exceeded the poundage limitation for the farm, the excess could be marketed but an equivalent deduction would be made from the acreage and poundage limitation for the farm for the following year. On the other hand, if the actual production was less than the poundage limitation, the difference could be carried forward to the following year as an equivalent increase in the acreage and poundage available to the farm. Consideration may need to be given to providing some reasonable limit to the amount that can be carried over for any farm. However, if the "base acreage" is exceeded, penalty would be collected as under the present program. It has been suggested that consideration should be given to permitting inter-farm transfers for handling "overages" and "underages."

Advantages and Disadvantages

A program combining poundage and acreage limitations would be more effective in maintaining supplies in line with demand, over a period of years. This would permit the operation of a sounder price support program. Although such a program would result in some increase in administrative expenses, this increase is overshadowed by the risk of loss to the Government under the price support program if loan stocks continue to accumulate. It appears that a program involving a combination of poundage and acreage limitations can be worked out which would be acceptable to growers and to the industry. Burley tobacco growers have demonstrated their willingness to accept and support any marketing controls so long as they feel such controls will be effective and the quotas assigned to individual farms are fair and equitable. The technique of debiting and crediting an individual farm quota from one year to another reduces to some extent the incentive for growers to withhold lower grades of tobacco, which are currently in strong demand, from the market. This is a concern that the tobacco industry would have with any control program that may lead to growers not marketing all grades of tobacco. A combination of poundage and acreage limitations would lessen the incentive for excessive yields per acre and thereby would place more emphasis on quality.

Since a program combining acreage and poundage limitations would be difficult to explain to growers, many fear that it would not be acceptable. It is probable that most growers would exceed their poundage limits in their efforts to produce their full quotas. There would be a tendency to fulfill quotas with higher-priced grades and this would be detrimental to buyers of lower qualities and lower-priced grades.

Needed Legislation

This approach will require additional legislation. It could not be presented for action until after the three-year referendum which will be held in December 1955. This means that a subsequent referendum would be required under present law, since this would represent a material revision in the allotment program.

Cost

It is expected that the cost of a control program based on a combination of farm acreage and poundage quotas would be slightly more than for our current program (see Section I-D).

SECTION III

Farm Poundage Quotas

How such a program might be applied

This method of control would provide for establishing individual farm quotas in pounds rather than in acres as in the present program. After the initial establishment of base poundage quotas for individual farms, acreages would be disregarded in limiting marketings.

Under a poundage quota program the Secretary would determine and announce a national marketing quota for each marketing year similar to the method explained in Section I of the present program. The Secretary would apportion the national marketing quota, less any reserves established, among the states producing burley tobacco on the basis of the percentage that the total of the base marketing quotas established for all farms in the state was of the national total. Consideration would need to be given to establishing a reserve for new farms and for adjusting old farm marketing quotas.

There are various methods that could be used in establishing the poundage quota for individual farms. One method would be to establish a base yield per acre similar to that described under Section II, Combination Farm Acreage and Poundage Quota, and multiplying this yield per acre by the allotted acreage described under Section I on the current program to arrive at the quota for the farm. Another method would be to determine the base farm quota on the basis of past marketings, such as the average amount of tobacco marketed from the farm during the past five years, the past three years, or some other combination of years. Either method would reflect the past advantages of the minimums but additional provisions for minimums would not be included. Once having established the base poundage quota for each farm for the initial year, adjustments upward or downward in succeeding years in line with the increase or decrease in the national marketing quota would be made. Since there would be no acreage measurements under this type of program, all growers would be eligible for price support and could market free of penalty up to the total pounds of their marketing quota. Marketing of tobacco in excess of the marketing quota would be subject to penalty and no loans would be available on that tobacco. Consideration of what to do with excess tobacco would require further study. Some believe that a carryover provision would be necessary. Others feel that a debit and credit arrangement could be set up whereby a farm could oversell one year subject to a downward adjustment the next year to offset the overage. In addition, it is generally agreed that some provision would need to be made for inter-farm transfers of "overages" and "underages."

Advantages and Disadvantages

Assuming that the total volume marketed could be held within the sum of all individual poundage quotas, a more effective control of supply would be achieved. This would assure a sounder price support program since it would prevent the accumulation of a surplus under loan. It places emphasis on quality rather than on high yields per acre as under present acreage quota system. The expense and difficulty presently encountered in determining compliance by measuring the thousands of small acreages on individual farms would be eliminated.

There is considerable doubt as to whether poundage quotas alone would be effective in maintaining supplies in line with demand. Aside from the small number of farmers who through natural economic shifts are going out of tobacco production, practically all farmers would endeavor to be sure they would produce their full quotas. There is little likelihood that there would be unused quotas, except in isolated cases. Thus, it appears that practically all farms would produce in excess of their respective quotas except in cases of severe droughts or other disaster.

Farmers would not know the extent of their overproduction poundagewise until the tobacco had been cured, prepared for market and in most cases taken to market. It appears probable that once the tobacco was prepared for market (and especially if taken to market) it would be marketed one way or another. This could readily lead to some sort of "black-market" operations. Additional reports would necessarily be required of a greater number of dealers, buyers, and manufacturers, and extensive checking of records and additional policing would be essential. In view of this, the poundage approach might not turn out to be more economical than the present acreage approach. Since most farmers would try to fill their quotas with the higher-priced grades of leaf, there would likely be an overabundance of such higher grades. Since tobacco products are a blend of different grades as well as different kinds of tobacco, the industry would consider this a major problem. Further, export outlets for below average priced tobacco would be affected. If the lower-priced grades are not marketed, those normally using such grades will (a) be obliged to buy the higher-price grades and be forced to raise the price of their products; (b) buy substitute kinds of tobacco to replace lower-priced burley or (c) go out of business. If quotas are predominately filled with higher-priced grades, the prices of these grades will decline but will still tend to remain above what some present users could pay. The loss of market outlets for any grades that are now being used would necessitate further reductions of quotas. The opinion expressed by many burley growers is that an abrupt shift from the present acreage program to a poundage approach would not be acceptable throughout the producing area. Further, some growers have expressed opposition to poundage quotas based on their experiences with such a program in 1938 and its results.

Needed Legislation

This approach will require additional legislation. It could not be presented for action until after the three-year referendum which will be held in December, 1955. This means that a subsequent referendum would be required under present law, since this would represent a material revision in the allotment program.

Cost

Slightly less than the current program. Additional records and policing would tend to offset the savings in the cost of measuring.

SECTION IV

Combination Farm Acreage and Plant Number Quotas

A Variant of the Farm Acreage Method Described in Section I.

It has been reported by observers in the burley area that under the present program growers can partly offset a reduction in allotments by closer spacing of plants. An increased number of plants set out on a given area will result in a higher poundage yield up to a point under certain conditions.

One way in which this problem might be overcome is in procedural regulations to define an acre planted to burley as consisting of a specified number of plants. Thus an acreage allotment made to a grower would specifically limit both his acreage and the maximum number of plants he could raise on his allotment. Compliance would be determined by acreage measurement as presently and also by an actual count of plants. On regularly shaped plots or regularly shaped sections of irregular plots, the plant count is made readily by multiplying the number of rows by number of plants in a row. (This procedure presumes a 100 percent stand.) Counting of all individual plants in a field would be required only for relatively small irregular sections.

Advantages and Disadvantages

This variant of the acreage allotment system has two advantages. First, it overcomes the problem of the present program mentioned above, since complying growers could not increase the number of plants on an acre beyond the standard for their area. Second, from a compliance standpoint the number of plants can be determined more accurately than the size of the area on which they are planted. The plant count will be of great assistance in checking compliance in instances where, because of irregular plots or other reasons, exact acreage measurement is difficult. A grower, by knowing the maximum number of plants he can set out to stay within his allotment, can avoid the unintentional overplanting which sometimes occurs under the present system because of acreage measurement difficulties.

Disadvantages of this plan are as follows: (1) It adds an additional compliance check to the administrative procedure. (2) In each producing area there usually is a standard number of plants set out on an acre, depending on soil type and cultural practice. Definitions establishing the plant equivalent of an acre would have to consider this area variation. (3) It might encourage growers to shift to varieties which produce taller plants, in order to secure greater poundage yields from the same number of plants. Such a shift would have an adverse effect on quality, largely because of uneven ripening of leaves.

SECTION V

HISTORICAL REVIEW OF BURLEY
CONTROL PROGRAM SINCE 1932The Burley Program Under the Agricultural Adjustment Act of 1933

The Agricultural Adjustment Act of 1933 (approved May 12, 1933), provided the legislative basis for the first major control program affecting the production and marketing of burley tobacco. The act, born of the general economic crisis confronting the Nation, was designed primarily to deal with the agricultural emergency by directly bringing about an increase in farm purchasing power. The act set forth the policy of establishing and maintaining such balance between the production and consumption of agricultural commodities and such marketing conditions therefor as would reestablish prices to farmers at a level that would give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities except tobacco was defined as the pre-World War I period August 1909 to July 1914. In the case of tobacco, the base period was designated as the postwar period August 1919 to July 1929, to take account of the sharp changes in tobacco-consuming habits since the war and of the fact that prewar conditions of production and demand no longer accurately represented the prevailing conditions of the tobacco industry.

To effectuate the purposes of the act, the principal powers granted by Congress fell into two groups--those dealing with production control and benefit contracts and those dealing with marketing agreements and licenses. The production control provisions, applicable only to the farm products defined in the act as basic (including tobacco), empowered the Secretary of Agriculture to enter into voluntary agreements with producers for the control of production and to make benefit payments to farmers who cooperated in adjustment programs. The Secretary could also fix the rates of taxes levied in the act on the first domestic processing of basic commodities to finance these benefit payments. The second major power permitted the Secretary to enter into marketing agreements with processors, producers, associations of producers, and others engaged in the handling of any agricultural commodity, or any competing commodity or product thereof, and to issue licenses permitting processors, associations of producers, and others to engage in the handling of such products in interstate or foreign commerce. The act provided that in controlling production of the basic commodities, the Secretary could provide for a reduction in the acreage, or a reduction in the production for market, or both, through agreements with producers or other voluntary methods.

The passage of the Agricultural Adjustment Act came too late to permit any adjustments in the 1933 acreage of burley, which had been expanded more than 20 percent over the preceding year. Each year from 1929 on burley production had exceeded consumption, and stocks in the hands of dealers and manufacturers had increased correspondingly. With the burley crop indicated for 1933, prospective total supplies were equivalent to approximately four times annual consumption as compared with a long-term average of 2.9.

Before the 1933 crop came to market, negotiations were begun by the Agricultural Adjustment Administration with principal domestic buyers of burley, leading toward a marketing agreement. Under this agreement, which was predicated on reduced production in 1934, the 10 principal buyers agreed to purchase from the 1933 burley crop a total of at least 256 million pounds at an average price of not less than 12 cents per pound. Actual purchases under this agreement amounted to 286.4 million pounds or 76 percent of the crop, and the average price paid was 12.6 cents per pound. The balance of the crop was purchased by dealers, exporters, and other smaller buyers. Groundwork was laid for a production adjustment program which was to be placed into effect with the 1934 crop.

The provisions of the Agricultural Adjustment Act for enforcing production control were supplemented by the Kerr-Smith Tobacco Act, approved June 28, 1934 (Public Law No. 483, 73rd Congress). This measure, which was designed to prevent non-cooperators from sharing in the financial benefits secured through the operation of the Adjustment Act, levied a tax of 25 to 33 $\frac{1}{3}$ percent of the gross first sale value (farm price) of the tobacco. The tax was paid by the seller, in the form of tax-payment warrants or tax stamps. Tobacco growers who had entered into adjustment contracts were issued free tax-payment warrants with which to pay the tax; noncooperating growers were required to purchase tax stamps to cover the tax levied on their tobacco sales. The tax was mandatory for the 1934 crop at the rate of 25 percent. Thereafter, the tax could be imposed only on approval of persons controlling three-fourths (later reduced to two-thirds) of the land customarily engaged in burley production, voting in a formal public referendum. In December 1934, a referendum was conducted, in which persons controlling 86.4 percent of the burley acreage voted in favor of the tax on the 1935 crop. During the 1935-36 marketing year, the tax rate in effect was 33 $\frac{1}{3}$ percent of the first sale value.

In order not to penalize producers who were unable to secure equitable allotments or who for other reasons were ineligible to participate in the production program, the Kerr Act provided that tax-payment warrants could be issued to such growers up to 6 percent (later reduced to 3 percent) of the total amount allotted to contracting growers in the county. To protect the interests of small growers, two-thirds of such tax-payment warrants were reserved for issuance to noncontracting growers who received warrants for 1,500 pounds or less.

The burley tobacco program formulated under the Agricultural Adjustment Act of 1933 was operative on the 1934 and 1935 crops, and provided for adjustment of both acreage and production through voluntary contracts between growers and the Secretary of Agriculture.

(1) Acreage and production bases. Since the program provided that a contract signer was allotted not only the number of acres he could grow, but the quantity of tobacco which he was permitted to market, it was necessary to determine both acreage and production bases on which allotments could be calculated. In order to avoid inequitable situations, where producers who had abnormally low yields during a base period might be at a disadvantage, a

choice was provided for the determination of bases. A grower could establish as his "base tobacco acreage" and "base tobacco production" one of the following:

- (a) The average of 1932 and 1933
- (b) Eighty percent of the average of 1931, 1932, and 1933
- (c) Eighty percent of the year 1932
- (d) Seventy-five percent of the year 1933
- (e) Seventy percent of the acreage and sixty percent of the production of the year 1931. This option was offered only to growers who could furnish evidence that their production in both 1932 and 1933 was abnormally low because of drought, flood, hail, or storm damage.

The total base acreage and production thus arrived at in the 1934 program were 430,000 acres and 328,000,000 pounds respectively, and the averages per contract were 3.9 acres and 2,995 pounds.

(2) Required reductions in acreage and production. Under the 1934 contract, a grower could choose the percentage reduction in his acreage and production, with corresponding adjustments made in his cash benefit payments. The burley tobacco acreage allotment could not exceed $66 \frac{2}{3}$ percent or 50 percent, at his option, of his base acreage. Correspondingly, depending on the choice made, his "initial production allotment" could not exceed $66 \frac{2}{3}$ percent or 50 percent of his base production. Initial allotments could be adjusted at the discretion of the Secretary, depending upon the prospective yield and demand conditions for the crop. In the event that production exceeded his allotment, the excess was to be disposed of as the Secretary might direct. Producers were required to keep tobacco marketing cards, provided by the Adjustment Administration, showing the sales of tobacco grown in 1933 and 1934 (each sale certified by the agent of the warehouse or buyer), and giving the date, the quantity of tobacco sold, and the net value thereof. After completion of the season's sales, these cards, properly signed and notarized, were to be delivered by the producer to his county Tobacco Production Control Association for certification, and constituted an application for his adjustment payments.

The average percentage reduction for all contracts in 1934 was 40 percent; a $33 \frac{1}{3}$ percent reduction was chosen by producers having about three-fifths of the base acreage, and a 50 percent reduction was chosen by producers having the remaining two-fifths of the base acreage. The total acreage and production allotted to contracting growers in 1934 were 259,000 acres and 197,650,000 pounds.

The establishment of both poundage and acreage quotas under this program indicates the awareness at the time of the need to provide definite production allotments in pounds as well as acreage allotments for individual farms. The following statement appears in the report on 1934 operations by the Administrator of the Agricultural Adjustment Administration: "Allotments in pounds are specified because tobacco is an intensive crop, and yields per acre can be increased through changes in fertilizer and other cultural

practices more easily than in the case of some other crops." 1/

In the 1935-36 season, the acreage and production allotments were set uniformly at 60 percent of the base acreage and base production. The 40 percent reduction was equal to the average reduction effected in the preceding year. However, prior to planting time in 1935, an administrative ruling was issued permitting growers whose base acreage was less than 1.2 acres to plant their base acreage or 0.8 of an acre, whichever was smaller, and to market their base production or 650 pounds, whichever was smaller, provided that the producer agreed that no payment would be made under the contract.

(3) Cash benefit payments. The 1934 contract provided that a rental payment, two adjustment payments, and a deficiency payment were to be made to cooperating producers. For each acre taken out of burley production, a rental payment of \$20 was made. The first adjustment payment was fixed at not less than 10 percent of the net sale value of the 1933 crop for producers whose reduction was $33 \frac{1}{3}$ percent; and not less than 15 percent of the net sale value of the 1933 crop for producers whose reduction was 50 percent. In any event this payment could not be less than \$15 nor more than \$45 per rented acre. The second adjustment payment was fixed at not less than 15 percent of the net sale value of the 1934 crop for producers whose reduction was $33 \frac{1}{3}$ percent; and not less than 35 percent of the net sale value of the 1934 crop for producers whose reduction was 50 percent. The deficiency payment was set at 2 cents per pound on the number of pounds (if any) by which a producer's actual 1934 production for market was below his allotment.

Due to a favorable growing season and yields in 1934, production of a number of contracting producers was in excess of the allotments. Before the opening of markets on December 3, 1934, the Adjustment Administration announced that growers signing contracts were to put into unmerchantable form any tobacco they had produced that was in excess of sales permitted under contracts and administrative rulings, and that the total sales by all burley growers during the 1934-35 season would not exceed 250 million pounds. However, when the markets opened for the 1934 crop, an administrative ruling was issued, permitting each contracting producer a choice as to the disposition of burley produced on allotted acreage but in excess of his production allotment. The excess tobacco could be rendered unmerchantable (used for fertilizer on the farm or other noncommercial purpose) or the producer could market a quantity of tobacco exceeding his production allotment by not more than 10 percent, provided he agreed to a reduction in the rate of his second adjustment payment.

The rates of reduction were such that it was profitable for growers having excess tobacco to market only the better grades.

An estimated 18 million pounds of burley from the 1934 crop were rendered unmerchantable. Usually the tobacco made unmarketable was low grade and worth more to the producer as fertilizer than its commercial value.

1/ Agricultural Adjustment in 1934, A report of Administration of the Agricultural Adjustment Act, February 15, 1934 to December 31, 1934, U.S. Department of Agriculture, March 1935, p. 138

In the 1935 season, the rental and deficiency payments were kept at the 1934 rates, but the adjustment payments were set at such levels as would tend to give producers the fair exchange value (parity) for that portion of their 1935 production which equalled domestic consumption. A change was also made as to the procedure in disposing of burley produced in excess of production allotments. A contracting grower who produced burley on his permitted acreage in excess of his production allotment could market this excess production upon the allotment card of another contracting producer whose actual production fell short of his production allotment. In such a case, the producer having deficient production did not receive the 2-cents a pound deficiency payment in 1935. As an alternative to this procedure, excess production could be marketed provided a refund equal to 3 cents per pound ($\frac{1}{2}$ cent per pound if sold for the manufacture of nicotine) was paid to the Agricultural Adjustment Administration. All excess burley not disposed of by either of these two methods was to be rendered unmerchantable.

The 1934 contract gave the Secretary of Agriculture the right to require a reduction of acreage and production in 1935 not to exceed 50 percent of the base tobacco acreage and production chosen by the grower. As indicated, a reduction of 40 percent was effected. In addition to 1934 contracts which were continued, several special types of production adjustment contracts were used in 1935. After opening of the markets for the sale of the 1934 crop, the regular contract, supplemented by special provisions (referred to as "rider B"), was made available to growers who had not previously signed up for the program. Contracts for 1935 only were made available to growers, especially owners of small farms, who had not considered it worth while to enter into production-adjustment contracts in 1934 because of their comparatively small tobacco production or for other reasons. A special base contract for 1935 was offered to growers who did not grow enough tobacco in 1931, 1932, or 1933 to enable them to obtain equitable allotments under the regular tobacco adjustment contract. Table 2 shows the number, base acreage, and base production of burley production adjustment contracts in effect during the crop year 1935, by type of contract.

A large part of the administration of the 1934 and 1935 programs was performed by the county Tobacco Production Control Association, composed of burley tobacco producers who signed production adjustment contracts. Contracting producers in each community of a county elected a community committee of 3 members, the chairman of which was a member of the board of directors of the County Tobacco Production Association. This board elected the county control committee, consisting of the president and two other members of the board of directors. The county control committee considered all tobacco production adjustment contracts in the county and made recommendations to the Agricultural Adjustment Administration concerning the advisability of entering into each such contract.

Table 2 - Number, base acreage, and base production of burley tobacco production-adjustment contracts, 1935

	Regular 1934 contracts 1/				Contracts for 1934 with rider E.1/				Contracts effective for 1935 only			
	Number	acreage	Base	production	Number	Base	acreage	production	Number	Base	acreage	production
		Acres	1,000 lb.			Acres	1,000 lb.			Acres	1,000 lb.	
Kentucky	59,854	304,911	221,789		915	4,080	2,775		8,061	22,072	14,998	
Tennessee	28,670	65,972	52,059		382	643	547		5,210	6,568	5,236	
Ohio	5,393	16,248	11,949		10	42	30		994	2,343	1,696	
Indiana	2,910	9,632	7,319		53	146	117		1,235	2,598	2,008	
Virginia	5,741	10,339	10,026		2	2	2		1,011	1,019	964	
N. Carolina	4,155	8,038	6,037		15	40	35		1,067	1,167	974	
Missouri	1,080	7,650	6,691		---	---	---		188	612	477	
W. Virginia	1,847	4,659	2,643		34	94	63		346	652	404	
Kansas	87	600	465		---	---	---		5	9	7	
Arkansas	5	18	8		---	---	---		---	---	---	
Alabama	16	182	128		---	---	---		---	---	---	
Total	109,758	428,249	319,114		1,411	5,047	3,569		18,117	37,140	26,764	

	Special base contracts				Total 1935 contracts 2/				Percent of	
	Number	Base	acreage	production	Number	Base	acreage	production	total base	acreage under contract
		Acres	1,000 lb.			Acres	1,000 lb.			
Kentucky	7,202	12,755	8,700		76,032	343,818	253,054		93.9	
Tennessee	3,038	2,722	2,123		37,300	75,905	61,110		95.8	
Ohio	504	855	639		6,901	19,488	14,556		93.3	
Indiana	338	389	297		4,536	12,865	9,742		90.6	
Virginia	685	595	552		7,439	11,955	11,734		97.3	
N. Carolina	325	288	248		5,562	9,533	7,435		97.0	
Missouri	62	166	142		1,330	8,428	7,321		93.8	
W. Virginia	149	226	132		2,376	5,631	3,243		92.2	
Kansas	---	---	---		92	609	472		92.8	
Arkansas	---	---	---		5	18	8		---	
Alabama	---	---	---		16	182	128		---	
Total	12,303	17,996	12,833		141,589	488,432	368,833		94.2	

1/ Effective for 1935 also. 2/ Includes adjustments in acreage and production under Administrative Ruling No. 38. Agricultural Adjustment, 1933-35, Agricultural Adjustment Administration, USDA, March 1935, Table 60, p. 191

It also determined for each member, subject to correction in Washington, the base tobacco acreage and production, the acreage allotment and initial production allotment, and the rented acres. The community committee assisted the county control committee in checking and approving contracts, reported the production of farms within the communities (including farms not covered by contract), and obtained other information necessary to the success of the program.

Benefit payments to cooperating burley growers were made from revenue obtained from the processing taxes levied on tobacco used in domestic manufacture. The Agricultural Adjustment Act of 1933 originally provided that when the Secretary of Agriculture determined and proclaimed that benefit payments were to be made with respect to any basic agricultural commodity, processing taxes were to be in effect from the beginning of the next marketing year. Tobacco processing taxes became effective October 1, 1933. The burley rates that were established, subsequent changes, and rates existing at the end of 1935 are shown in table 3.

Table 3.- Processing taxes on burley tobacco under
Agricultural Adjustment Act of 1933

Effective period	General tax rate			Tax rate for tobacco used in manufacture of twist and plug chewing tobacco		
	Farm	Unstemmed	Stemmed	Farm	Unstemmed	Stemmed
	sales	process-	process-	sales	process-	process-
	weight	ing order	ing order	weight	ing order	ing order
	Cents	Cents	Cents	Cents	Cents	Cents
	per	per	per	per	per	per
	pound	pound	pound	pound	pound	pound
Oct.1, 1933-Sept.30,1934:	2.0	2.3	3.1	<u>1</u> / ₂	<u>1</u> / ₂	<u>1</u> / ₂
Oct.1, 1934-Jan. 31,1935:	{6.1	{7.0	{9.5	4.1	4.7	6.4
Feb.1, 1935-Sept.30,1935:	{6.1	{7.0	{9.5	2.5	2.9	3.9
Oct.1, 1935-Dec. 31,1935:	3.5	4.0	5.4	2.5	2.9	3.9

1/ General rate applied.

Agricultural Adjustment 1933-35, Agricultural Adjustment Administration, U.S. Department of Agriculture, March 1936.

In mid-1935 a referendum was conducted to determine whether burley growers desired continuation of the tobacco adjustment programs after 1935. Continuation of the program was approved by 93 percent of the growers voting and new contracts were prepared which were to have applied to the crop years 1936 to 1939. The acreage and production bases already established were carried forward, with such adjustments as would result in more equitable bases. The producer was to limit the acreage planted to burley and quantity

marketed to an allotment prescribed by the Secretary of Agriculture, with the maximum reduction that could be effected set at 50 percent. Diverted acreage was to be used for soil-improving or erosion-preventing crops, pasture, fallow, or forest trees, or for food or feed crops for home consumption. Instead of both rental and benefit payments prescribed by former production-adjustment contracts the new 1936-39 contracts provided for one payment only at the end of each contract year. This payment was to have been at such rate as would have tended to give growers not less than parity price for that portion of their crop that was equal to domestic consumption. In the case of burley, the minimum payment in 1936 was to be not less than 2 1/4 cents per pound on the specified base production.

The production-adjustment program for burley tobacco was terminated as a result of decision of the Supreme Court in the Butler case on January 6, 1936, which invalidated the production control programs carried out through contracts between the Federal Government and individual farmers and financed by processing taxes. The Kerr Tobacco Act, enacted as an auxiliary aid to the success of the tobacco adjustment programs was repealed by Congress on February 10, 1936.

Economic Results. Measured by the objectives of the Agricultural Adjustment Act of 1933--to increase the purchasing power of farmers as quickly as possible and to adjust production to consumption requirements - the burley control program can be considered as having been generally successful. A high degree of participation was secured, the 1934 and 1935 programs covering 90 percent and 94 percent, respectively, of total base acreage normally devoted to burley production. Harvested acreage in 1934 dropped nearly 40 percent below the previous year; in 1935 there was an additional decrease of 8 percent. Production in 1934, despite the second highest yield per acre attained in eight years, was one-third below that of 1933. The following year, the crop was 12 percent below that of 1934, and the smallest since 1927. As a consequence of reduced production total supplies (production plus stocks at the beginning of the season) were brought into a better balance with requirements. In 1933, total supplies were equivalent to 4 years' requirements, whereas by 1935 they were equal to a little over 3 years' requirements. The average ratio in the 10 seasons preceding 1933 was 2.9.

The average price of 10.5 cents per pound received by growers in 1933 rose to 16.9 cents in 1934 and further to 19.1 cents in 1935. The total farm value of the crop in 1934 was \$39.6 million, or about the same as for the 50 percent larger crop produced in the previous year. In 1935, the value of the burley crop was \$42.4 million, or the highest since 1930. In addition, participating burley growers received benefit payments as follows: \$3.2 million in 1933; \$11.9 million in 1934; and \$3.2 million in 1935. The restoration of burley prices to a more favorable relationship with prices paid by growers is indicated in table 4.

Table 4 - Burley season average price, parity price, and percentage comparisons 1930-35

Crop	Average price received by growers	Parity price	Average price as percent of parity price
	(cents per pound)	(cents per pound)	(percent)
1930	15.5	18.1	85.6
1931	8.7	15.4	56.5
1932	12.5	14.7	85.0
1933	10.5	16.9	62.1
1934	16.9	17.6	96.0
1935	19.1	17.2	111.0

The relatively favorable price received in 1932 preceding the program was partly due to a special demand situation arising from the introduction of "economy brand" cigarettes. While it is not possible to indicate precisely what portion of the price increases occurring subsequently was due to the AAA program and what portion was due to other factors, there is no doubt that growers' incomes were substantially higher than if there had been no program.

Problems of administration.- Two key operational problems in 1934 and 1935 were (1) checking base acreage and production, and (2) supervision of compliance.

(1) Checking base acreage and production 1/ - Since it was obviously to the advantage of an individual producer to overstate his base acreage and production, it was necessary to check the data submitted with all contracts and, if necessary, adjust the growers' figures to eliminate overstatement. A large part of this work was performed by the county and local committees, making use of official figures. The usual procedure was as follows:

(a) The United States Department of Agriculture established official estimates of burley acreage and production during each of the base years for each county. The bases from which these figures were determined included available crop estimates; census figures; data submitted by growers in their contracts and obtained from surveys of non-signers; and measurement of fields on a considerable number of farms in most counties.

(b) County offices adjusted contract figures so that they would not exceed official figures less the acreage and production estimates for non-signers in the county. To eliminate the over-run for a county, individual contracts might be reduced by the county committee, unless farmers were able to substantiate their estimates with acceptable documentary evidence. If after

1/ This discussion and that following on supervision of compliance are based on Tobacco Under The AAA, by Harold B. Rowe, Brookings Institution, Washington, D. C. 1935, pp. 164-175.

these individual adjustments county totals were still above the official estimates, a pro rata cut was made except where the committee determined a producer had already made an adequate and full reduction. A second method of adjustment was to make a pro rata cut for the county, but since this penalized growers who submitted honest figures, committees were urged to make individual adjustments as far as possible.

Significant overstatements were made by some growers to obtain the financial benefits accruing from large bases; others had their bases increased by local committeemen who wished to help neighbors who had low yields during some of the base years.

Another shortcoming was the inaccuracies of some of the official estimates to which the contract figures were adjusted. It is questionable whether complete lists of non-signers with acreage and production during the base period were obtained for all counties.

(2) Supervision of compliance - Considerable checking by county agents and committees was necessary to ensure compliance by contracting growers. In this work they had the assistance of local committees and employed field agents (frequently members of local committees) who made a check of the acreage planted, the use of land kept out of production, division of payments with tenants, and observance of the requirement that no tenants be displaced. The county office certified the net value of tobacco marketed, the basis for computing adjustment payments. This required the checking of individual marketing cards.

The Burley Program Under the Soil Conservation
and Domestic Allotment Act 1/

Following the invalidation of basic provisions of the adjustment act, Congress enacted the Soil Conservation and Domestic Allotment Act (Public Law No. 461, 74th Congress, approved February 29, 1936).

Another measure enacted to assist in the control of tobacco production was Public Law 534, 74th Congress, approved April 25, 1936, which authorized tobacco producing states to negotiate compacts regulating production of and commerce in, any one or more kinds of tobacco. Earlier, the Virginia legislature had approved a tobacco control act. Following the sanctioning of state compacts, a few other states gave serious consideration to passing similar legislation but the scheme was generally regarded as unworkable and was never carried out.

Although retaining emphasis on the problem of increasing agricultural income, the Soil Conservation and Domestic Allotment Act sought to achieve this primarily through payments for reducing soil depleting acreage and the adoption of land uses and farm practices which would conserve and build up

1/ This discussion is largely based upon Thompson, James F., Inter-Farm and Inter-Area Shifts in Burley Tobacco Acreages Under Government Control Programs, 1933-50, Bulletin 590, Kentucky Agricultural Experiment Station, June 1952, pp. 18-20.

soil fertility. Production control became a by-product whereas in the 1933 emergency program it was a primary objective.

The acreage control features of the new conservation program included the establishment of base acreages of soil depleting crops of which burley was one, and payments to farmers for diversion of land from these base acreages to soil conserving uses. The base acreages established for the 1934 and 1935 programs were retained, and new bases established for growers who were noncooperators under previous programs. Acreage allotments which had been 60 percent in 1935, were increased to 70 percent in 1936 and further to 75 percent in 1937. Payments to burley growers for diverted acreage were made at the rate of 5 cents in 1936 and $5\frac{1}{2}$ cents in 1937 for each pound of burley which could have been produced with normal yields on the diverted acres. These payments were in addition to those made for carrying out specified soil building practices on the diverted or other land. If harvested acreage exceeded the base acreage, a deduction equal to the payment rate (5 and $5\frac{1}{2}$ cents per pound respectively) was made on the normal yield of the excess acres.

Acreage of burley harvested in 1936 was 8 percent greater than in the preceding year, but constituted 58 percent of the base acreage although the permitted maximum was 70 percent. The heavy underplanting was due to the large increase in allotted acreage and the severe drought. In contrast, acreage harvested in 1937 increased 47 percent over the previous year, and comprised 85 percent of base acreage compared with the permitted 75 percent. "Farmers, spurred by 35.7 cents a pound in 1936 and not greatly deterred by possible failure to collect benefit payments, overplanted allotments and apparently fertilized more heavily." ^{1/} The larger acreage and a favorable yield in 1937 resulted in a crop more than 80 percent greater than in either 1935 or 1936, and the second largest on record up to that time. Average grower price which had risen from 19.1 cents a pound in 1935 to 35.7 cents in 1936, dropped back to 20.1 cents in 1937. The 182 million extra pounds of burley produced in 1937 added only a little more than 2 million dollars to the gross income of producers. It was clear that if supplies of burley were to be kept in balance with consumption requirements, a more effective program was necessary.

^{1/} Johnson, Glenn L., Burley Tobacco Control Program: Their Over-all Effect on Production and Prices, 1933-50, Kentucky Agricultural Experiment Station Bulletin 580, February 1952, p. 9

The Burley Program Under the
Agricultural Adjustment Act of 1938

The enactment by the Congress of the Agricultural Adjustment Act of 1938 (Public Law No. 430, 75th Congress, approved February 16, 1938) provided the legislative basis for the burley tobacco program in effect at the present time. The purposes of the new farm act were as follows:

To conserve the Nation's soil resources and use them efficiently.

To assist in the marketing of farm products for domestic consumption and export.

To regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice, so as to--

Minimize violent fluctuations in supplies, marketings, and prices of farm commodities;

Protect consumers by maintaining adequate reserves of food and feed; and

Assist farmers in obtaining a fair share of national income.

A section in the act points out the need for Federal assistance "to control effectively the orderly marketing" of tobacco, one of the great basic industries of the country. It further points out that nearly all tobacco moves in interstate and foreign commerce, and that abnormally excessive supplies have disrupting effects on such commerce. This section also notes that farmers producing tobacco are subject in their operations to uncontrollable natural causes and are widely scattered.

The first sections of this legislation strengthened and continued the conservation phases of the Soil Conservation and Domestic Allotment Act. The later sections dealt with control of surpluses, and provided for acreage allotments; loans to finance farmers to hold larger carry-overs in surplus years; marketing quotas; marketing agreements to avoid market gluts; subsidies of consumption for relief purposes by surplus relief buying operations; diversion of excess supplies to industrial uses and export; and contributions to farm income through the making of parity payments.

The six different kinds of tobacco specified in the original act for separate handling were broken down further by subsequent amendment into 8 kinds: flue-cured tobacco, types 11-14; fire-cured tobacco, types 21-24; dark air-cured tobacco, types 35-36; Virginia sun-cured tobacco, type 37; burley tobacco, type 31; Maryland tobacco, type 32; cigar-filler and cigar-binder tobacco, types 42-46 and 51-55; and cigar filler, type 41. The base period for computing parity prices for the various kinds of tobacco was August 1919-July 1929, but a later amendment (November 22, 1940) changed the base period for burley and flue-cured to August 1934--July 1939 to reflect the changed conditions brought about by their increased use in cigarettes.

To conform with previous decisions of the Supreme Court, the acreage-allotment and payment portions of the program were separate and distinct from the marketing-quota portions. Acreage allotments were set up under the Agricultural Conservation Program but marketing quotas became operative only under specified supply conditions and only if approved in a grower referendum.

1. Acreage allotments - In 1938, a national goal of 440,000 to 460,000 acres of burley was established; the actual allotment of 447,812 acres was broken down among states on the basis of their past production. (For detail by states, see Appendix Tables 2-9.) The State goals were distributed among counties, and the county goals distributed to farms through county and local committees. Allocation to individual farms was based on past acreages, with adjustments for abnormal weather conditions, plant-bed and other diseases; other considerations were land, labor, and equipment available for tobacco production, crop rotation practices, soil and other physical factors, and providing equitable apportionments to new and small farms. In connection with the Agricultural Conservation Program payments for complying with program requirements continued to be made at specified rates through 1943.

2. Marketing quotas - Marketing quotas for different kinds of tobacco, expressed in pounds, were provided for under the 1938 act. The procedure in establishing these quotas may be followed more readily by first noting some definitions in the act.

"Marketing year" in the case of burley is the period beginning October 1 and ending September 30.

"Normal year's domestic consumption" is the average domestic consumption of domestically-produced burley during the 10 preceding marketing years, adjusted for trends in consumption. "Normal year's exports" is defined in similar manner.

"Normal supply" is equal to a normal year's domestic consumption and exports, plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports, as a normal carry-over.

"Reserve supply level" is the normal supply plus 5 percent to meet needs in years of drought, flood, or other adverse conditions.

"Total supply" is defined as all stocks of unmanufactured tobacco in the United States at the beginning of the marketing year together with the estimated current crop.

The 1938 act provided the following procedure in establishing marketing quotas on burley:

(a) The Secretary was required to determine between November 15 and December 1 of each year (changed by later amendment to any time from the beginning of the marketing year to December 1) whether the total supply of burley at the beginning of the current marketing year exceeded the reserve supply level. If the total supply exceeded the reserve supply level, the Secretary was required to proclaim a marketing quota applicable to the following year's production, not later than December 1. The amount of the national marketing quota was the total quantity of tobacco required in addition to the estimated carry-over at the end of the current marketing year to provide a total supply for the succeeding marketing year equal to the reserve supply level. An amendment (Public Law 336, 76th Congress, approved August 7, 1939) permitted the Secretary to increase the proclaimed quota by as much as 10 percent not later than December 31 if necessary to meet the market demand. Another amendment (Public Law 628, 76th Congress, approved June 13, 1940) allowed a 20 percent increase. A later change, approved February 28, 1942, extended the time limit for announcing the increase to the following March 1.

(b) The national poundage quota less the reserve mentioned in (d) below was to be apportioned to individual States on the basis of production in the 5 calendar years immediately preceding the calendar year in which the quota was proclaimed, with such adjustments as necessary for abnormal conditions of production, for small farms, and for trends in production.

(c) The State marketing quota was to be apportioned through the local committees among farms on the basis of past marketings, making due allowance for drought, flood, hail, other abnormal weather conditions, plant-bed, and other diseases; land, labor, and equipment available for the production of tobacco, crop-rotation practices; and the soil and other physical factors affecting the production of tobaccos. Provision

for small farms was included by specifying that the marketing quota for any established farm could not be less than the smaller of 2,400 pounds or average production during the preceding 3 years, including normal production of diverted acreage. A further provision for small farms was made by amendment (Public Law No. 557, 75th Congress, approved May 31, 1938) providing an additional 2 percent of each State's quota to be apportioned to farms whose allotments were deemed to be inadequate in view of past production of tobacco.

(d) As much as 5 percent of the national marketing quota could be allotted to farms producing tobacco for the first time in five years or to increase small quotas provided that marketing quotas for "new" farms could not exceed 75 percent of the quotas for established similar farms.

(e) A referendum was to be conducted within 30 days following the proclamation of a national marketing quota at which growers were to decide whether or not they favored such a quota. A two-thirds favorable vote was required before the quota could become effective. A later amendment (Public Law 628, 76th Congress, approved June 13, 1940) directed that growers be given the opportunity to vote on whether they favored marketing quotas for a period of 3 years. Approval by a two-third majority vote was also required.

(f) An early amendment provided that notwithstanding the requirements concerning supplies, a marketing quota was to be in effect for burley for the marketing year beginning October 1, 1938. The Secretary was to proclaim this quota in terms of the quantity required to make available during the marketing year a supply of burley equal to the reserve supply level.

(g) The marketing of burley in excess of a farm marketing quota (except for nicotine or other byproduct use) was to be subject to a penalty of 50 percent of the market price on the date of marketing or 3 cents per pound, whichever was higher. An amendment approved August 7, 1939 changed this to a flat penalty of 10 cents a pound.

(h) Farm marketing quotas could be transferred only in such manner and subject to such conditions as prescribed by the Secretary.

Operation on a poundage basis in 1938

A national marketing quota for 1938-crop burley of 350,000,000 pounds was proclaimed on March 28, 1938. A referendum was conducted April 9, 1938 and of the 177,078 growers voting 87.1 percent favored the quota. On December 3, 1938 announcement was made of the apportionment of the quota among States. The national quota included the 350,000,000 pounds originally announced plus 6,842,500 pounds in accordance with the amendment requiring a 2 percent increase in State quotas to allow for individual farm adjustments. The apportionment of the national quota among States was as follows:

Burley tobacco marketing quota under 1938 program
by States

<u>State</u>	<u>Marketing quota</u> (1,000 pounds)	<u>State</u>	<u>Marketing quota</u> (1,000 pounds)
Alabama	113	Ohio	11,714
Arkansas	26	Oklahoma	5
Georgia	36	South Carolina	13
Illinois	13	Tennessee	58,277
Indiana	9,034	Virginia	12,273
Kansas	339	West Virginia	2,868
Kentucky	240,688	New Farms	7,875
Missouri	5,311		
North Carolina	8,257	United States	356,842

The determination of individual farm marketing quotas was made in accordance with uniform instructions which summarized were as follows:

(1) Each farm growing burley tobacco in 1938 was entitled to receive a marketing quota regardless of whether it received an acreage allotment under the conservation program. As a basis for the establishment of such quota, a normal marketing was to be established. For "old" farms, (those growing burley in 1938 and which also grew burley in one or more of the years 1934-37) the normal marketings were to be the largest of:

- (a) The 1935-37 average marketings and diversion for the farm;
- (b) 33-1/3 percent of the total harvested and diverted tobacco acreage in the three years 1935-37, multiplied by the farm yield;
- (c) 40 percent of the total harvested and diverted tobacco acreage in the two years of the three years 1935-37, in which such acreage was the highest, multiplied by the farm yield, or
- (d) 60 percent of the harvested and diverted tobacco acreage in that one of the three years 1935-37 in which such acreage was the highest, multiplied by the farm yield;

with such adjustments as might be necessary to correct for abnormal conditions of production in one or more of the years 1935-37, or for productive capacity of the farm, except that in no case would the normal marketings be permitted to exceed 150 percent of the 1938 acreage, multiplied by the farm yield.

In the case of farms on which burley was grown in 1934, but not in either 1935, 1936, or 1937, the normal marketings were to be 50 percent of the 1934 acreage multiplied by the farm yield, subject to any necessary adjustments.

The normal marketings for "new" farms, (farms on which tobacco was produced in 1938 for the first time since 1933) were to be determined on the basis of the factors enumerated for old farms, except that past production was not to be considered. The normal marketings for a new farm were to be 75 percent of the amount obtained by multiplying the 1938 acreage by the community average yield, with necessary adjustments to adequately reflect the land, labor, and equipment available for the production of tobacco and crop rotation practices. However, in the case of new farms whose 1938 tobacco acreage exceeded the county average per farm for old farms, 75 percent of the average acreage for old farms in the county, multiplied by the farm yield, was to be used in lieu of 75 percent of the 1938 acreage times the farm yield. This provision prevented giving undue weight to the 1938 tobacco acreage for a farm on which such acreage was substantially in excess of the acreage on other farms in the county having similar productive capacity.

(2) After a reserve not to exceed 5 percent was set aside from each State marketing quota for adjusting minimum allotments and for correction of errors and inequities, the remaining quota for old farms in each State was to be distributed in line with normal marketings, giving consideration to the establishment of minimum quotas as provided in the Act. The minimum quota for a farm was to be the smaller of (1) the three-year (1935-37) average marketings and diversion; (2) 2,400 pounds; or (3) 127.5 percent of the 1938 tobacco acreage, multiplied by the farm yield.

(3) After quotas were established for each farm according to the above procedure, the 2 percent reserve provided in the amended Act was to be apportioned. The procedure provided for the allocation of the 2 percent to farms on the basis of the amount by which the smaller of 80 percent of the three-year average, or 127.5 percent of the 1938 tobacco acreage times the farm yield, exceeded the quota otherwise established for the farm. This would allocate the 2 percent to farms on the basis of the inadequacy of the quota as compared to past production.

(4) The "farm yield" was defined as the simple average of the yield per acre for the farm for each of the years 1935-37. Provision was also made for computing a farm yield in cases where tobacco was produced in only one or two of the three years, or where burley was produced in 1934 but not in the period 1935-37. The local committees were authorized to adjust the average yield per acre for any farm to correct for abnormal conditions, provided that the weighted farm yields for all farms in the county did not exceed the weighted average yield per acre for all farms in the county.

Late in 1938 regulations covering the marketing of the 1938 burley tobacco were issued. Marketing cards were provided by county offices to farm operators as evidence of the quotas established for farms. When sales of tobacco were made, the marketing card for the farm, together with a warehouse bill or other record of sale, were presented to a field assistant of the Agricultural Adjustment Administration who charged the quantity of tobacco marketed against the card and issued a memorandum of sale. The memorandum showed the quantity of tobacco marketed and the amount of any penalty.

The memoranda issued by field assistants during each day was summarized on a form certified to by the warehousemen or buyers and forwarded to the comptroller of the agency as a report on the sales of tobacco and any penalty to be paid thereupon.

Of importance were regulations relating to the transfer of marketing quotas. Marketing quotas could be transferred among farms either through direct negotiations between the operators of individual farms or through county office transfer books. However, the regulations provided that the transfer of additional quota to any farm having excess tobacco would be limited to 10 percent of the quota established for the farm or 500 pounds, whichever was larger. All transfers required approval by authorized persons at county offices or by field assistants of the AAA. For transfers made through the county office transfer book, a consideration of 5 cents per pound of quota transferred was fixed but for transfers made by direct negotiation among operators of farms, no definite rate was set in the regulations.

Complete records were required to be kept and reports made by warehousemen and dealers of all purchases and resales of tobacco, so that all marketings of tobacco could be checked.

The regulations were amended in two respects in late December 1938. The first amendment provided for the transfer of quota from counties having an excess of quota available for transfer, to counties having an excess of requests for quota. The reason was that weather conditions could cause an entire county to have a low yield in any one year, and unused quota in such a county if transferred to another would achieve a better result than otherwise. The other amendment provided for the transfer of quota, without any payment, to farms designated by the county committee. Producers had asked for the privilege of authorizing the county committee to designate farms to receive their unused quota by transfer without the payment of any consideration.

Evaluation of the 1936 Program

The 1936 burley crop of 339.2 million pounds was 17.6 million pounds or 5 percent below the national marketing quota. However, the fact that production was less than the marketing quota was primarily due to the heavy underplanting that occurred that year. As a result of the sharp drop in price received for the 1937 crop and possibly because of the penalties provided under the new act, growers harvested 407,000 acres, or about 41,000 less than the allotted acreage for all States. The original allotment, with normal yields, was visualized by administrators as likely to result in production in line with the marketing quota. The national acreage allotment under the Conservation Program was 447,612 acres, the national marketing quota was 356.0 million pounds. Hence, an average yield of 797 pounds per acre was required to produce the marketing quota. This compared with a 5-year (1933-37) average of 803 pounds and a 3-year average (1935-37) average of 810 pounds. The actual average yield obtained in 1936 was 633 pounds per acre. However, even had the full acreage allotment been planted and assuming the average yield of 833 pounds could have been obtained from the larger acreage, the marketing quota would have been exceeded by only 16 million pounds or between 4 and 5 percent.

In the 1936 program a system of direct issuance of acreage allotments was used, whereby county committees determined a "usual acreage" for each farm which in their judgment was a reasonable normal acreage in light of past harvested acreage, available resources, and other factors affecting tobacco production. The emphasis on preceding years' harvested acreage in determining allotments was particularly significant because of the large changes in distribution of harvested acreage occurring in 1936 and 1937. After determining the usual acreages, individual farm allotments were established by reducing the usual acreages to conform to the county acreage allotment. For individual farms the percentage reduction depended upon the size of the normal acreage, as follows: farms with a normal acreage of 3.2 acres or more were reduced approximately 25 percent below the normal acreage, farms with 2.5 acres or less 10 percent below the normal acreage, and farms with between 2.5 and 3.2 acres were reduced from 10 to 25 percent below the normal acreage. The effect of this was to broaden the distribution of allotments, and to shift them to areas of small tobacco acreages. The provisions of the amended act concerning marketing quotas of small farms also tended to shift the poundage quotas towards these areas.

Although national production in 1936 was well in line with the marketing quota, the economic results of the program caused considerable grower dissatisfaction. The 1936 crop was 63 million pounds or about 15 percent smaller than the preceding year's outturn. However, this was more than offset by the increase above a year earlier of stocks held by manufacturers and dealers at the beginning of the season. Consequently, total supplies available for the 1936-39 marketing year were slightly larger than in the previous year. Demand, as measured by disappearance in both domestic and export channels, showed little change in the two seasons. The average price received by growers for the 1936 crop dropped nearly 1 cent a pound to 19.0 cents, the value of the crop amounted to \$64.4 million, nearly \$16½ million less than received for the 1937 crop. "Thus the apparent reward to farmers in 1936 for voting in marketing quotas and underplanting their allotments was a decrease in prices. It appeared to them

that production controls were ineffective in supporting prices." 1/

Many factors impeded the success of the 1938 program. The existence of separately established acreage allotments and marketing quotas appears to have been confusing to growers. Because of variable yields, some growers produced in excess of their marketing quotas whereas others produced less than their quotas, even though both groups may have complied with their acreage allotments. Thus, while national production may have been in line with the marketing quota, most farmers found themselves with "either a deficiency or an excess of tobacco relative to the farm quota." 2/ Provisions for the transfer of quota between farms appears to have been inadequate to meet this difficulty "as farm yields in the same locality usually vary together." 3/ The program was also handicapped by insufficiency of records for individual farms and weakness of official statistics as they related to county production and acreages. The newness of the program, the unfamiliarity of farmers with the changed form of control, and the speed with which regulations had to be drafted and issued in time to apply to the 1938 crop were additional limiting factors. Although the formulas establishing quotas were designed to allow for variation in past marketings of individual farms, they did not make satisfactory provision in a sizable number of cases.

Rejected 1939 Quota and
Modification of the 1938 Program

As required by the legislation, the total supply of burley in prospect for the year beginning October 1, 1938, was determined in mid-November and based on crop reports available at the time was found to exceed the reserve supply level as defined in the act. Accordingly, a national marketing quota of 315 million pounds for the 1939 crop was proclaimed by the Secretary on November 29, 1938. This marketing quota was nearly 42 million pounds or 12 percent less than the 1938 marketing quota and 24 million pounds or 7 percent less than the 1938 crop actually harvested.

A grower referendum held on December 17, 1938, did not result in the two-thirds majority vote necessary for approval of marketing quotas for the 1939 crop. Farmers voting in favor of quotas totaled 129,123 or 59.4 percent of the total; growers opposing quotas numbered 88,216. Kentucky voted 73.2 percent in favor of the quota, but heavy votes against the proposition in most of the smaller producing States reduced the national percentage. On a percentage basis, the "no" vote was particularly strong in Indiana, North Carolina, Ohio, Virginia, and West Virginia, states in which for the most part the heaviest proportionate reductions in 1938 harvested acreage and production

1/ Johnson, op.cit., p. 13

2/ Thompson, op.cit., p. 30.

3/ Ibid., p. 30

and largest price declines from the preceding season occurred.

Although marketing quotas were not an effect for the 1939 crop, acreage allotments were continued under the soil conservation program. The national allotment amounted to 407,200 acres 41,000 or 9 percent below the 1938 allotment. In the absence of marketing quotas and penalties it might have been expected that growers would have overplanted their allotments substantially. Largely because of lower prices received for the 1938 crop 1939 overplantings were moderate, amounting to 17,000 acres or 4 percent. The 424,700 acres harvested in 1939 was 4 percent greater than the preceding year. However the yield per acre averaged nearly 100 pounds higher, and the 1939 crop of 395 million pounds was 17 percent greater than obtained in 1938. Total disappearance of burley did not change markedly, and the season average price dropped to 17.3 cents, more than a cent and a half below the 1938 crop average, and the lowest in 5 years. Compared with 1938, growers received only \$4.2 million more for a 56 million pound larger crop.

In an opinion rendered on April 17, 1939, the Supreme Court affirmed the decree of the District Court of the United States for the Middle District of Georgia in the case of Mulford v. Smith in which the United States intervened as defendant. The opinion of the Supreme Court and of the District Court sustained the constitutional validity of the provisions of the Agricultural Adjustment Act of 1938 relating to farm marketing quotas for tobacco.

The resolution of doubt concerning the legality of marketing quotas cleared the way for a series of legislative amendments which were approved August 7, 1939. The Secretary of Agriculture was authorized to proclaim a marketing quota for any kind of tobacco at any time from the beginning of the marketing year to December 1, rather than between November 15 and December 1, as required by the original law. A flat penalty of 10 cents per pound for burley marketed in excess of farm quotas was provided. The most significant change was that made by Public Law 337, which provided that the Secretary of Agriculture may establish farm acreage allotments as a measure of the marketing quotas for farms rather than establish marketing quotas in pounds. If acreage allotments were established under the amendment, the actual production of the farm acreage allotment became the amount of the farm marketing quota. The justification for the change was stated in the House Committee on Agriculture report on the bill as follows:

Because of variable yields per acre, farmers in attempting to keep their production within the number of pounds of their farm-marketing quota may plant a number of acres which they think will produce a number of pounds equal to their quotas, but it frequently happens that the actual yield differs substantially from the quota. The amendment would tend to overcome difficulties which arise because of this situation.

Under the amendment the Secretary, on the basis of average yields for the State in the immediately preceding 5 years, adjusted for abnormal conditions of production, may convert the State marketing quota into a State acreage

allotment. This allotment was to be distributed among farms through the local committees on the basis of the factors already enumerated in the act using past acreage (harvested and diverted) instead of the past marketing of tobacco. The reserve marketing quota for new farms or for increased allotments to small farms was similarly to be converted to an acreage allotment on the basis of the national average yield for the immediately preceding 5 years. The past tobacco experience of the farm operator was added as a criterion to be considered by the local committee in making allotment to new farms. Except for new farms or for a farm which was not independently operated the farm acreage allotment was to be increased by the smaller of (1) 20 percent of the allotment or (2) the percentage by which the normal yield of such allotment (as determined through the local committees) was less than 2,400 pounds. Any increase resulting from this provision was to be added to the national and State allotments. Also included was a provision aimed at discouraging attempted evasion of the law by farmers, whereby the allotment for any farm involved in such evasion was to be reduced by an amount equivalent to the amount marketed in violation of the law.

Burley Program With Acreage Allotments in 1940

On October 20, 1939, a national marketing quota of 292 million pounds for the 1940⁴¹ marketing year was proclaimed. However accompanying public releases emphasized that in addition to this quantity the marketing quota would include the amounts required for increases for small producers, which would probably make the total quota from 315 to 320 million pounds. It was stated that the 1940 poundage quotas would be converted into acreage allotments for apportionment among individual farms, and that because of increased supplies, an average reduction from the 1939 allotment of about 10 percent would be made for regular tobacco producing farms. Marketing quotas for the 1940 crop were approved by 83.3 percent of the 110,527 growers who voted in a referendum conducted on November 21, 1939.

Acreage allotments established under the new procedure were to apply in connection with the 1940 Agricultural Conservation Program as well as the marketing quota program. In determining individual farm allotments, county committees established a usual or normal acreage for each farm on the basis of 1939 acreage (plus diverted acreage) cropland, labor, equipment, crop rotation practices, the soil and other physical factors affecting burley production. The usual or normal acreage for all farms in the State received a uniform reduction in order to bring the farm allotments within the State acreage allotment. However, as required by the Act, for small independently operated farms on which the normal outturn of the acreage allotment was less than 2,400 pounds, the allotment was to be increased by 20 percent but not above an acreage on which the normal outturn would be 2,400 pounds. For new tobacco farms normal acreages were established by local committees on the basis of the past tobacco experience of the farm operator on other farms, and the land, labor, and equipment available for tobacco production. These acreages were then adjusted so as to equal the total allotment available for new farms.

Three phases of the procedure merit attention:

(1) The factors used to arrive at the "usual acreage" based on the 1939 acreage allotments in general were the opposites of those used in determining the 1938 allotments, and thus offset the effect of the 1938 program by tending to transfer allotted acreage to larger growers. The computation of usual acreage was as follows:

<u>Size of tobacco acreage allotment under 1939 Agricultural Conser- vation Program</u>	<u>Usual acreage</u>
2.1 acres or less	125 percent of allotment
2.2 acres	2.9 acres
2.3 acres	3.1 acres
2.4 acres	3.3 acres
2.5 acres	3.7 acres
2.6 acres and over	150 percent of allotment

However, it is probable that no significant shift in acreage occurred because the tendency to transfer allotted acreage to larger growers was in turn offset by the large acreage reserve for new allotments and adjustments and by the provisions governing minimum allotments.

(2) The normal yield for any farm was to be determined by the local committee on the basis of the average yield in the preceding 5 years adjusted for abnormal conditions of production, soil and other physical factors, and yields obtained on other farms in the locality similar with respect to such factors. The weighted average of the normal yields for all farms in each county could not exceed the average yield for the county as calculated from official statistics and adjusted for abnormal conditions.

(3) As in the 1938 procedure, all acreages were to be calculated to the nearest one-tenth of an acre.

The marketing quota regulations for the 1940-41 marketing year were broadly similar to those in effect for the 1938-39 season. Farm operators received marketing cards from county AAA offices. A "Within Quota Card" was issued to those whose harvested acreage did not exceed the acreage allotment, and all tobacco grown on the harvested acreage could be marketed without penalty. Operators who harvested burley in excess of their acreage allotments received an "Excess Marketing Card", showing the allotted acreage, the harvested acreage, and the proportion of the tobacco on which the penalty of 10 cents a pound was to be collected commencing with the first sale. Since the marketing quota was the actual production of the farm acreage allotment, no transfer of marketing quotas was permitted. "Actual production of the farm acreage allotment" was defined as the average yield per acre of the entire acreage of tobacco harvested on the farm in the current year times the farm acreage allotment. "Excess tobacco" was defined as that quantity of tobacco equal to the average yield per acre of the entire tobacco acreage harvested on the farm multiplied by the number of acres harvested in excess

of the farm acreage allotment. In the event that excess tobacco was disposed of by use on the farm, the county committee was to determine whether the tobacco was rendered unmerchantable and that it was reasonably representative of total tobacco available for marketing from the farm, i.e., did not contain an undue proportion of low-grade tobacco. In addition to reports by warehousemen and dealers, farm operators were required to submit reports showing the actual burley production on the farm and the amount and disposition of excess tobacco.

Burley Program For 1940

The small farm provisions of the law resulted in a final acreage allotment of 374,618 acres for 1940, an increase of 35,000 or 10 percent over the acreage determined to produce with average yields the original marketing quota for 292 million pounds. On the basis of these average State yields, this higher allotment could be expected to produce around 323 million pounds, or some 30 million pounds more than the original quota. Acreage actually harvested was 14,000 acres below the allotment. Due to favorable weather and other factors, the average yield per acre was 1,045 pounds--114 pounds more than in 1939, and a record up to that time. The actual production of 377 million pounds exceeded the increased marketing quota by more than 50 million pounds.

Other factors besides large overall supplies contributed to a price weakness in the 1940 crop. The depressing effect of large surpluses was intensified by reduced export markets caused by the European war and by a larger than normal proportion of certain grades as a result of unusual weather conditions.

In early January 1941, announcement was made that the Commodity Credit Corporation would make loans on 1940 burley tobacco through farmer cooperative associations to growers participating in the program. Loan rates, varying by grades, were not to exceed 75 percent of parity. The parity price for burley was based on the August 1934-July 1939 period in accord with a legislative amendment approved November 22, 1940. The change in base from the August 1919-July 1929 period raised parity for burley about 5 cents a pound. The loan program on not to exceed 30 million pounds of tobacco was set up on the understanding that acreage allotments would be reduced 10 percent in 1942 and 1943 if required to eliminate surpluses. Approval by a grower referendum held on November 23, 1940, of 3-year marketing quotas for the 1941-43 crops provided program continuity that made practicable the advancement of loans premised upon a subsequent adjustment in allotments.

Loans were made on 26.2 million pounds of burley. The average price per pound received by growers for the 1940 crop was 16.2 cents per pound, compared with 17.3 cents the previous year. Before the beginning of the 1941 crop marketing season, most of the 1940 burley tobacco acquired under the loan program had been sold to domestic manufacturers.

The 1940 program established the basic features of the burley control program to be followed in subsequent years. These basic features were

(1) the conversion of marketing quotas to acreage allotments subject to specific provisions relating to minimum allotments, (2) permitting actual production on allotted acreage to be marketed penalty free, (3) a loan and purchase program to support prices at predetermined levels of parity, and (4) the adjustment of acreage allotments as the long run technique of adjusting supplies to needs and thereby increasing prices.

Burley Program For 1941

Important changes in the Agricultural Adjustment Act of 1938 approved June 13, 1940, affected the administration of the control program. As already indicated, one change was to provide growers with an opportunity to vote for tobacco marketing quotas for a 3 year period when voting in a referendum. Also the percentage by which the Secretary was authorized to increase the national marketing quota to meet market demand was raised from 10 to 20 and a provision added whereby the increase also could be made to avoid undue restriction of marketings in adjusting the total supply to the reserve supply level.

Another provision limited the changes that could be made in marketing quotas and acreage allotments. In any of the three marketing years, 1941-42 through 1943-44 in which a marketing quota was in effect for burley, the national marketing quota could not be reduced more than 10 percent below the 1940-41 quota. Acreage allotments for established farms were to be changed proportionately with changes in the national marketing quota, except that no allotment could be decreased below the 1939 allotment if such allotment was one-half acre or less, or below the 1940 allotment if such allotment was over one-half acre and not over one acre. An additional acreage not to exceed 2 percent of the total acreage allotted in each State in 1940 was to be allotted by county committees for relationship adjustments. Thus under this amendment, if 3-year quotas were approved by growers beginning with the 1941 crop, no 1940 allotment of more than one acre would be reduced by more than 10 percent during the entire 3-year period, no 1940 farm allotment of one acre or less could be reduced at all during the 3-year period, if the 1939 farm allotment was one-half acre or less and the 1940 allotment was smaller the allotment had to be increased to the 1939 figure.

On November 13, 1940, a national marketing quota of 263 million pounds was proclaimed for the 1941-42 marketing year if a one-year quota were approved by growers and of 292 million pounds if growers voted for 3 year quotas. The originally proclaimed marketing quota of the year before was also 292 million pounds. It was pointed out in accompanying releases that approval of 3 year quotas would permit 1941 farm acreage allotments the same as for 1940 since the reduction of the prevailing surplus could be spread over the longer 3-year period. If a one year extension of marketing quotas were approved, the lower national marketing quota of 263 million pounds (10 percent below 292 million pounds) would require a reduction of 10 percent from 1940 allotments subject to restrictions imposed by the recent amendment.

In the referendum held 10 days later burley growers voted on the following three questions:

- (1) Whether they favored a one year quota and also three year quotas.
- (2) Whether they opposed quotas for three years, but favored the quota for one year.
- (3) Whether they were opposed to quotas.

Of the 145 009 burley growers who voted, 111,045 or 76.5 percent were in favor of 3 year quotas 4,521 or 3.1 percent favored a marketing quota limited to one year, and 29,523, or 20.4 percent opposed quotas.

A final acreage allotment totaling 381,586 acres was established for 1941, 7,000 more than in the previous year. The procedure for making individual farm allotments was greatly simplified by the statutory limitations governing changes that could be made and, except for adjustments, individual allotments remained the same. An amount not to exceed one percent of the sum of the 1940 acreage allotments in each State was set up for relationship adjustments by local committees a reserve not to exceed one half of one percent of the national allotment was set aside for allotments to new farms.

The marketing quota procedure was also basically the same as in 1940. One change was to provide specifically for considering carryover tobacco in determining the marketing quota for individual farms. The procedure made it possible for a producer to market free of penalty carryover tobacco which would not have been subject to penalties if marketed in a previous marketing year even though he also carried over tobacco subject to penalty in the year in which it was produced. Also tobacco in excess of quota in the year in which it was produced was subject to penalty if marketed in the current year, except to the extent that the harvested acreage in the current year was less than the acreage allotment.

Underplanting in 1941 was greater than in the previous year, probably because of the lower price received for the 1940 crop. Harvested acreage totaled 341,900--about 40,000 acres or 10 percent below the allotment. Both harvested acreage and average yield per acre were lower than in 1940 and production fell from 347 million pounds in 1940 to 337 million in 1941. With lower supplies and improved demand, the 1941 crop averaged 29.2 cents a pound, 13 cents a pound higher than for the 1940 crop.

Through the Commodity Credit Corporation a loan and purchase program to support prices was established. The support level was set at 85 percent of parity as required by Public Law 74. 77th Congress, approved May 26, 1941. The loan rate for cooperators was 85 percent of the parity price as of the beginning of the marketing year, for noncooperators the rate was 60 percent of the rate for cooperators and only on that part of the crop subject to penalties if marketed. Only 5.9 million pounds of burley principally low quality were pledged for government loans. The average price received for the 1941 crop topped the average support level of 20.0 cents by 9.2 cents.

Burley Control Program During Wartime, 1942-45

The burley tobacco control program was retained throughout the war even though for other commodities production controls were removed. In a referendum of burley growers held October 23, 1943, 92.0 percent of the 123,559 votes cast favored marketing quotas on the next 3 crops.

General Characteristics and Legislative Changes

The wartime program was characterized by two general tendencies: (1) the expansion of acreage allotments after 1942 to meet wartime demands with the emphasis on expanding production on small farms to meet increased needs and (2) the inability of farmers to fully plant their expanded allotments due to wartime shortages of labor, fertilizer, barn space, and other facilities. Important legislation was passed which affected the level of support prices, and the minimum size of individual allotments. The effect of the legislative provisions relating to minimum allotments was to transfer relatively large acreages to small growers.

Public Law 729, 77th Congress, approved October 2, 1942 directed the Commodity Credit Corporation to make loans available at 90 percent of parity to cooperators in years in which marketing quotas were approved and for a period of two years following the declaration of termination of hostilities. It also placed restrictions on the ceiling prices which could be imposed. In 1943 two changes in the Adjustment Act were made. Public Law 43, 78th Congress, approved April 29, 1943 established a minimum allotment of one half acre for any farm which had an acreage allotment in 1942, the acreage required for apportionment under this provision to be in addition to the National and State acreage allotments. Public Law 110, 78th Congress, approved July 7, 1943, provided that notwithstanding the provisions of the Act concerning supplies, marketing quotas for the 1944-45 marketing year were to be proclaimed as for the preceding year with an additional acreage not exceeding 2 percent of the total acreage for 1940 to be allotted to old growers and an additional acreage up to 5 percent of the national allotment to be available for allotment to new growers.

Public Law 276, 78th Congress, approved March 31, 1944, provided that any allotment to a grower having an allotment in 1943 could not be less than the smaller of 1 acre or 25 percent of the cropland, and that the acreage required for apportionment under this provision was to be in addition to National and State acreage allotments. Also, Public Law 110 was amended to provide that marketing quotas were to be proclaimed on the 1945 and 1946 crops notwithstanding provisions of the Act with respect to supplies. No reduction was to be permitted in allotments in each of the three years, 1944-46 below those of the preceding year.

For the 1942 crop the marketing quota was 292 million pounds, the same as for the 1941 crop. The national acreage allotment was 302,031 acres, a slight increase attributable to adjustments and new grower allotments, since no change was made in individual allotments. Harvested acreage was 8 percent below the national allotment, although slightly above acreage harvested in 1941. There was little change in average yield per acre and production was up by about 2 percent. With strong demand the season average price (with

price ceilings operative) was 41.8 cents per pound compared with the preceding year's 29.2 cents. A price support program was available, with the support level at 90 percent of parity, but no burley was placed under loan.

A noteworthy feature of the 1942 program was the procedure governing disposition of excess tobacco. Prior to marketing of any tobacco from the farm, satisfactory proof could be given of disposition of excess tobacco by any one of the following means:

- (1) By executing a "Tobacco Carry-over Agreement" (discussed below)
- (2) By storage of the excess tobacco, the tobacco so stored to be representative of the entire 1942 crop produced on the farm; and posting of a bond or making other approved arrangements which guaranteed payment of the amount of penalty which became due upon marketing excess tobacco.
- (3) By rendering the excess tobacco unmerchantable, the tobacco so rendered unmerchantable to be representative of the entire crop of tobacco produced on the farm and the act of rendering the tobacco unmerchantable to be performed only by the farm operator (or his representative) under the supervision of the county committee (or a person designated by the committee).
- (4) By payment to the county office of an amount equal to 10 cents per pound times the estimated actual production of the excess acreage of tobacco harvested from the farm. This applied only in the event that acreage harvested in excess of allotment did not exceed the larger of two tenths acre or 10 percent of the farm acreage allotment.

The "Tobacco Carry-over Agreements" for handling excess tobacco was an innovation. Since farmers tended to destroy excess tobacco (especially if the amount was relatively small) to avoid use of Excess Marketing Cards, deductions from payments under the Agricultural Conservation Program, and marketing quota penalties, this procedure was devised to help prevent this waste of productive effort and resources. It gave farmers an opportunity to avoid marketing quota penalties by carrying over excess tobacco and under-planting their allotments in the following year. Use of Within Quota Marketing Cards was permitted, but deductions from ACP payments were continued.

Under this procedure, producers who were unable to make arrangements to carry over their tobacco were permitted prior to issuance of a marketing card for 1942 to apply for storage to CCC for an amount of tobacco equal to the excess. The application constituted a "Carry-over Agreement", which provided that the producer pay to CCC an amount representing the value of the excess tobacco, determined by multiplying the quantity by the average loan rate for the kind of tobacco. Instead of paying prior to issuance of the marketing card, the farmer could upon approval by the local committee, make payment on the first delivery of tobacco to market. With the money CCC bought an equivalent amount of tobacco and held it for account of the farmer. After the 1943 acreage was harvested, if the committee certified an offset in 1943 harvested acreage to the amount of the 1942 excess, the CCC sold for or bought from the farmer an amount of tobacco equal to the amount purchased for his account. After deducing any penalty due to an excess

remaining after taking into account the underplanting in 1943, the proceeds of sale for each farmer's account was returned to him. The value of the tobacco at time of purchase and sale and any charges incident to carrying over tobacco were determined by CCC.

The national marketing quota for the 1943 crop totaled 330 million pounds, 16 percent more than in 1942. For the 1944 crop it was increased another 20 percent to 405 million pounds, and remained at that level for the 1945 crop. Parallel percentage changes were provided for in determining acreage allotments of established growers. As provided by law, the minimum allotment on old farms was one-half acre in 1943 and the smaller of 1 acre or 25 percent of the cropland in 1944. As a result of the legislative provisions relating to minimum size allotments, new farms, and relationship adjustments, the national acreage allotment in 1943 was 23 percent greater than in 1942, as against the 16 percent increase in the marketing quota and the 1944 national acreage allotment was 25 percent greater than in 1943, as against a 20 percent increase in marketing quota. The 1945 marketing quota was the same as for 1944 but the 1945 acreage allotment was increased another four percent to 609,740 acres - the peak in the wartime expansion of allotted acreage.

Underplanting of allotments was substantial during the war, and as indicated by the comparisons in Table 5.

Table 5 - Burley Tobacco: Allotted and harvested acreages and indicated underplantings, 1940-45

<u>Crop</u>	<u>Allotted acreage</u>	<u>Harvested acreage</u>	<u>Indicated underplanting</u>	
			<u>Quantity</u>	<u>Percentage of allotment</u>
	<u>Acres</u>	<u>Acres</u>	<u>Acres</u>	<u>Percent</u>
1940	374,618	360,300	14,318	3.8
1941	381,586	341,900	39,686	10.4
1942	382,831	350,600	32,231	8.4
1943	470,491	399,300	71,191	15.1
1944	588,187	496,600	91,587	15.6
1945	609,740	512,300	97,440	16.0

Production of burley in 1943 increased 14 percent over the previous year, chiefly as a consequence of larger acreage. In 1944, with a large expansion in acreage and more favorable yields, harvestings jumped by nearly 200 million pounds or 51 percent. In 1945, the smaller average yield per acre offset a small increase in harvested acreage, and production was down 2 percent. However, the 1945 production was 240 million pounds larger than in 1941--a gain of over 70 percent above that immediate pre-war year.

Despite the large increase in production, the sharply expanded war-time demand for cigarette tobacco held the supply-disappearance ratio at low levels. It averaged 2.6 in the 1943-45 marketing years, compared with the 10-year (1932-41) average of 3.3. Prices pressed firmly on or near prevailing ceiling levels in the 1943 and 1944 marketing seasons--averaging 45.6 cents and 44.0 cents per pound, respectively. The season average for the 1945 crop fell off to 39.4 cents per pound, attributable to reduced demand following cessation of hostilities, continued high level of production, and a lower quality crop. Even with this fall off in price, the value of the 1945 crop was \$228 million, nearly two and one-half times that for the 1941 crop, which had sold at prices averaging about one-fourth lower.

No Commodity Credit Corporation price-supporting loans were made on the 1942-44 burley crops, but loans were made on about 19 million pounds of 1945 crop tobacco--about 3 percent of total marketings.

Summary of wartime program effects

Apart from these economic consequences, the effects of the wartime program on growers can be summarized as follows:

(1) Retention of marketing quotas.- This action, brought about by the 1943 amendment to the Agricultural Adjustment Act, was "somewhat to the advantage

of large acreage growers since it denied growers of small acreages and nonallotment holders a chance to expand and establish acreage histories and obtain larger allotments in future years." 1/ The retention of controls precluded the experience of the late thirties when the number of burley growers increased 50 percent from 205,000 in 1935 to 310,000 in 1940 occurring mostly in 1937 and 1939.

(2) Minimum size of allotment.- The 1943 and 1944 amendments establishing specified minimum allotments provided that the required acreage be in addition to National and State acreage allotments. This provision resulted in expansion in allotments in both years which were proportionately greater than the increase in the national marketing quota. The 1944 amendment added about 20,000 acres to the total allotted acreage, with the addition going to an estimated 80,000 small growers. The House Committee on Agriculture, in reporting the bill which later became Public Law 276, 78th Congress stated in part as follows:

Most of the allotments for 1943 range from seven-tenths of an acre to 3 acres, the average being about 2.4 acres. ...Small growers are in a better position to produce additional burley tobacco without adversely affecting the production of essential food and fiber crops....This resolution will affect primarily farms now having burley tobacco acreage allotments of between seven-tenths and 1 acre. In addition, those burley tobacco farms which had allotments for the first time in 1943 and were therefore ineligible for increases under the one-half acre minimum provision of the act would be raised to 1 acre.

(3) Spread of allotted and harvested acreage to sparse areas.- Although all burley producing areas received sizeable increases in allotted acreages during the war, the most important gains were made in the sparse areas, i.e., those with a small burley acreage per square mile. Percentage underplanting remained much lower in the dense burley areas, but increased there more than in other areas. "Small farms, especially those in mountain areas and other outlying burley areas, often possessed rather fixed supplies of under-employed labor which could be used in burley production. By contrast, specialized burley-producing farms in the denser areas were more dependent on hired labor...(which) was rapidly being drained away by both selective service and defense plants..." 2/

(4) Availability of larger acreages for adjustments and new farms.- The reserve acreages for adjustments and new farm allotments were greatly expanded during the war. This was brought about by changes in the law which permitted acreage in addition to the national allotment (at specified

1/ Thompson, op. cit., p. 45.

2/ Thompson, op. cit., p. 44.

maximum levels) to be made available for upward adjustments in allotments of "old" farms and to make allotments to "new" farms. (The term "national allotment" is used here to denote the acreage equivalent of the national marketing quota.) In 1941, the total acreage available to local committees for adjustments and new farm allotments was around 5,700. By 1943, the comparable figure was around 8,000; in 1944, 19,300; and in 1945, almost 24,000. In 1945, for example, about 12,700 acres were allotted as new farm allotments and considerable acreage was also allotted to farms which grew burley in 1944 with no allotment. The combined effect was to increase the total number of allotments by about 14,500.

Burley Tobacco Control Program in Postwar, 1946-55

In the postwar period, adjustments were made in national acreage allotments from the expanded levels of World War II in order to bring production more in line with needs. In only one of the 10 years, 1946-55, were acreage allotments increased materially over the previous year's level, and that was in 1951 following the Korean outbreak. In all the other years, allotments were either reduced or kept virtually unchanged. Reductions of 9 and 16 percent in total allotted acreage were made in 1946 and 1947. Total allotted acreage was relatively stable in 1948 and 1949, but was cut by 11 percent in 1950. An increase of 13 percent was made in 1951 and that level was held in 1952. Successive reductions of 9 and 8 percent occurred in 1953 and 1954. In 1955 a redetermination authorized by the Congress, made possible a greater cut than originally announced and has brought the 1955 allotted acreage more than 22 percent below 1954. Thus by 1955 the total acreage allotted--310,000 acres--is down nearly 50 percent from the wartime peak.

In making these adjustments, the major problems encountered were restrictions imposed by law; avoiding the disruption of farming operations and also avoiding undue restriction of marketings; and the upward trend and variability in average yields per acre.

Restrictions imposed by law

In passing from the wartime fixed allotments to the allotment bases set forth in the original Agricultural Adjustment Act of 1938, the administration of the burley program was subject to specific limitations contained in the law. These limitations were as follows:

1. Public Law, 302, 79th Congress, approved February 19, 1946, permitted reduction in the 1946-47 marketing quota and allotments, but specified that no allotment of 1 acre or less could be reduced by more than 10 percent. The resultant minimum of 0.9 acre remained in effect for 7 years, 1946-52.

2. Public Law 528, 82nd Congress, approved July 12, 1952, reduced the minimum allotment, beginning with the 1953 crop, to the smallest of the allotment for the preceding year, 0.7 acre, or 25 percent of the cropland, but stipulated that no allotment of 1 acre or less could be reduced more than 0.1 acre in any one year. These restrictions were in effect for the 1953 and 1954 crops.

3. Public Law 21, 84th Congress, approved March 31, 1955, provided that in redetermining 1955 allotments, no farm allotment of 0.7 acre or 0.6 acre could be reduced more than 0.1 acre, and that no allotment of 0.5 acre or less could be reduced at all. This minimum allotment legislation further specified that commencing with the 1956 crop, an individual farm allotment could not be less than the smallest of (1) the preceding year's allotment, (2) 0.5 acre, or (3) 10 percent of the cropland, and stipulated that no allotment of 0.7 acre or 0.6 acre could be reduced more than 0.1 acre in any one year.

The effect of these limitations was to place the burden of allotment reductions on the larger growers. This raised a serious problem of inequity since to make adjustments in national allotments consistent with supply-demand conditions, large reductions had to be made in unprotected allotments while allotments for smaller growers remained unchanged. As more and more growers had their allotments reduced to the legal minimum, the latitude of administrators in making required adjustments in the national allotment was increasingly curtailed.

The restrictions imposed by Public Law 21 are illustrative of the difficulty in making necessary allotment adjustments. Whereas the acreage equivalent of the 1955 redetermined marketing quota required an acreage cut of 37 percent, provisions of the law limited the acreage cut to 25 percent. With average yields, such an acreage could be expected to produce some 75 million pounds more burley than the proclaimed marketing quota, or an excess of more than 20 percent.

Avoiding disruption of farming operations and also undue restriction of marketings

In making the adjustments in wartime expanded allotments, drastic cuts in a single year were avoided and instead, a required reduction was made in a series of cuts spread over several years. This was made possible by grower approval of marketing quotas for 3-year periods. Thus in the marketing year, 1947-48, the marketing quota necessary to bring total supplies within the reserve supply level would have required a slash in allotments of more than 30 percent. Such a cut was considered as seriously disrupting farming operations and as adversely affecting the economy of the burley areas. The originally determined quota was increased by 20 percent, under authorization of the Agricultural Adjustment Act of 1938,

as amended, whereby the marketing quota could be increased up to 20 percent to avoid undue restriction of marketings.

The policy of increasing the marketing quota to avoid undue restriction of marketings was followed each year, with but three exceptions, in the 9 marketing years, 1947-48 through 1955-56. For 1948-49 although the marketing quota was increased, this was to take into account the smaller than expected outturn from the previous crop. For 1951-52, the raise in marketing quota was made to meet increased market demand arising out of the Korean War. The determined quantities which were required to bring supplies within the reserve supply level and the increases to avoid undue restrictions of marketings are shown in Table 6.

Table 6 - Burley tobacco quota determinations and increases, 1947-55

Marketing year	Initial determination	Increase		Marketing quota
		Quantity	Percent	
	Million pounds	Million pounds	Percent	Million pounds
1947-48	408	82	20	490
1948-49	474	*40	*8	514
1949-50	545	--	--	545
1950-51	451	45	10	496
1951-52	542	**38	**7	580
1952-53	501	90	18	591
1953-54	455	91	20	546
1954-55	457	69	15	526
1955-56 as of :				
Nov. 1954	398	80	20	478
Redetermined as of Apr. 1955	278	56	20	334

*Upward revision due to earlier overestimation of previous crop.

**Increase to meet anticipated greater demand.

Upward trend and variability of yields

The greatest single complication in the burley tobacco control program has been the upward trend and variability of average yields per acre. Since 1940 the basic feature of the program has been the conversion of the State poundage marketing quotas into State acreage allotments based on State average yields in the preceding 5 years, adjusted for abnormal conditions of production, as specified by law. Obviously, the desired level of production can be obtained only if the actual yield is close to the calculated 5-year average. However, a 5-year average fails in most

instances to allow adequately for the continued uptrend in average burley yields. Although there was an uptrend in average yields per acre between 1934-43, it has been accentuated in the last decade when average yields increased from 1,189 pounds in 1944 to 1,585 pounds in 1954, an average increase of 36 pounds or 3 percent per year. The increase has been due to improved cultural practices, closer spacing of plants, use of higher-yielding and disease resistant varieties, and greater fertilization; and contraction to better land as allotments have been reduced.

In addition to an uptrend, yields have also been affected by weather and other unpredictable factors, which have caused sharp year-to-year changes in average yields. In the period 1944-54, on the average more than half of the year-to-year variation experienced in burley production has been due to annual variation in average yields per acre. In prior periods going back to 1920, the comparable proportion was less than one-fourth, indicating that in those years changes in acreage were the predominant influence in yearly crop changes.

Another indication of the variability of yields in postwar years is obtained by considering the average of year-to-year changes in national average yields per acre. In the period 1944-54, the year-to-year change (direction disregarded) averaged 127 pounds, compared with 71 pounds in 1934-43, and only 55 pounds in 1920-33. Based upon harvested acreage in recent years, an unforeseen variation of 127 pounds in average yield per acre would result in additional or decreased production of over 50 million pounds of burley.

The uptrend in yields has affected the burley program in two ways. First, as the 5-year average yield increased the national acreage allotment declined, even with little or no change in the poundage marketing quota, or remained stable even with small increases in the quota. Second, there has been considerable difference between the average yield used in computing the marketing quota, as specified by law, and the average yields actually obtained. Table 7 shows that in all years but one in the 8-year period, 1947-54, the average yield per acre actually obtained exceeded the average yield used in converting the marketing quota into acres.

Table 7 - Yield, acreage, and production comparisons as specified, 1947-54

	: 5-year	: Actual	: Excess of	: Percentage	: Actual pro-	
Market-	: average	: yield	: actual	: difference	: duction com-	
ing	: adjusted	: per	: yield over	: between	: pared with	
year	: yield per	: acre	: average	: harvested	: "adjusted"	
	: acre	:	: yield	: and allotted	: marketing	
	:	:	:	: acreage	: quota 1/	
	:					
	: <u>Pounds</u>	: <u>Pounds</u>	: <u>Pounds</u>	: <u>Percent</u>	: <u>Million</u>	: <u>Per-</u>
	:				: <u>pounds</u>	: <u>cent</u>
	:					
1947-48	: 1,108	: 1,153	: +45	: -10	: -36	: -7
1948-49	: 1,147	: 1,396	: +249	: -7	: +71	: +13
1949-50	: 1,190	: 1,253	: +63	: -4	: +2	: <u>2/</u>
1950-51	: 1,257	: 1,222	: -35	: -2	: -28	: -5
1951-52	: 1,240	: 1,355	: +115	: -3	: +32	: +5
	:					
1952-53	: 1,257	: 1,403	: +146	: -2	: +53	: +9
1953-54	: 1,280	: 1,345	: +65	: -3	: +10	: +2
1954-55	: 1,330	: 1,585	: +255	: +5	: +136	: +26
	:					

^{1/} Proclaimed quota plus expected production from adjusted allotments.

^{2/} Less than one-half of one percent.

The difference was especially great in 1948, 1952, and 1954, when production exceeded the marketing quota (including expected production from adjusted allotments) by 13 percent, 9 percent, and 26 percent, respectively. If there had been less underplanting in 1948-49 than that reflected in the 7-percent difference between harvested and allotted acreage, the disparity between production and marketing quota would have been even greater. Conversely, part of the "overproduction" in 1954-55 was attributable to overplanting, the first time for the burley producing area as a whole that it had occurred since the inception of acreage allotments in 1940. In that year, instead of achieving a planned reduction of 30-40 million pounds of burley, production increased more than 100 million pounds over the preceding year and finally led to the drastic redetermination of the 1955 quota.

Tightening the program

In addition to a reduction in allotments and the smaller size of minimum allotments, there is other evidence of a tightening program during the postwar period and in particular during 1955.

Increased penalties - In 1946 the penalty on excess marketings was increased from 10 cents a pound (the rate in effect on the 1945 crop marketings) to 40 percent of the preceding season's average price. For

the 1946 and 1947 crops, the penalty rate was 16 cents per pound and thereafter, was 18 to 20 cents for all crops through 1953. In 1954 Congress changed the basis for computing the penalty rate to 50 percent of the preceding season's average. This resulted in a penalty rate of 26 cents per pound on growers with excess marketings from the 1954 crop. In 1955 Congress again increased the percentage to 75 percent of the previous season's average price, so that the penalty rate applicable to 1955 excess marketings is 37 cents per pound.

Reduced reserve for new farms and adjustments - Beginning with the 1946-47 marketing year, the maximum allotment for a new farm was reduced from the smaller of 75 percent of the allotment to comparable "old" farms or 50 percent of the cropland to 50 percent and 25 percent, respectively. In the following marketing year, the maximum was set at 50 percent of the allotment to comparable old farms. Also, the acreage reserve for new farms and for adjustments in old farm allotments, which for the 1944-45 and 1945-56 marketing years had been expanded and was in addition to the national allotment, was reduced and placed within the national allotment. Throughout most of the postwar period, the acreage reserve for allotments to new farms and for adjustments in old farm allotments were set at one-half of one percent of the national allotment, and one-half of one percent of the preceding year's allotment, respectively. The 1956-57 regulations have reduced these percentages to one-fourth of one percent and one-tenth of one percent, respectively.

Excess acreage no longer considered part of farm history - By legislation enacted in 1955, excess burley acreage is no longer credited in establishing future acreage allotments. This has closed the door to those growers who, to increase their future allotments, acquired additional history by growing burley on excess acreage even though it incurred a penalty on marketings.

Closer determination of allotments - Beginning with the redetermined allotments in 1955, all acreage allotments are determined to the nearest one-hundredth acre, instead of to the nearest one-tenth, as formerly.

An important change was made in the method of determining acreage allotments commencing with the 1947-48 marketing year. Enactment of Public Law 302 in 1946 permitted a departure from the wartime "fixed" allotments to a procedure whereby allotments were based on the criteria contained in the original act, namely, past acreage of tobacco; land, labor and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco.

The 1947-48 regulations provided for the determination of old farm allotments by first establishing a "preliminary acreage allotment" for each farm. These preliminary acreage allotments were then adjusted uniformly

so that their total, together with the reserve for adjustments, equalled the State allotment for old farms, subject to the provisions relating to minimum size of allotments.

The preliminary acreage allotment was computed as follows:

(a) If the acreage harvested in any one of the preceding 3 years, was as much as 75 percent of the farm acreage allotment, the preliminary allotment was the preceding year's allotment.

(b) If the acreage harvested in each of the 3 preceding years was less than 75 percent of the farm acreage allotment, the preliminary allotment was the larger of (1) the largest acreage of burley harvested in any one of such 3 years or (2) the average acreage of burley harvested in the preceding 5 years, provided such preliminary allotment did not exceed the preceding year's allotment.

(c) If no allotment was established for the preceding year, the preliminary allotment was the average acreage of burley harvested in the preceding 5 years, but not less than 0.1 acre.

(d) If the average acreage of burley harvested on the farm in the preceding 3 years exceeded the preceding year's allotment by more than 10 percent, the preliminary allotment was the preceding year's allotment plus one-third of the excess.

Other provisions covered adjustments to be made by local committees on the basis of allotments of other similar farms and to bring allotments within specified maximums.

This procedure in determining old farm allotments, with some changes in detail, has remained in effect to the present time. The modifications through the 1955-56 regulations were as follows:

(1) Beginning with the 1948-49 marketing year, (d) above was changed so that if burley acreage harvested in the preceding year (changed from the average of the 3 preceding years) exceeded that year's allotment, the preliminary allotment was the previous year's allotment plus one-fifth (changed from one-third) of the excess. Also, (a) above was changed so that the preliminary allotment was the preceding year's allotment, but not less than 0.1 acre.

(2) The 1951-52 regulations amended (c) and (d) above to provide that if no allotment was established for a farm in the preceding year, the preliminary allotment was to be the smaller of (1) the average acreage of burley harvested in the preceding 5 years, or (2) the acreage obtained by

multiplying the farm's average burley acreage in the preceding 5 years by the ratio of the farm's actual yield to the 1949 county average yield (added by amendment); if the burley acreage harvested on the farm in the preceding year exceeded the allotment by more than 10 percent, the preliminary allotment was to be the previous year's allotment plus the smaller of (1) one-fifth of the excess, or (2) the acreage obtained by multiplying one-fifth of the excess by the ratio of the farm's actual yield to the 1949 county yield (added by amendment). The latter change was made to insure that acreage was not overplanted merely to increase allotments, and then neglected.

(3) A minor change was made in 1954-55 by changing the year of the county yield from the second preceding year to the immediately preceding year.

The principal effect of this acreage allotment procedure was to "recapture" unused allotments on the one hand, and on the other to increase allotments by crediting a portion of overplantings. Recovery of unused allotments far exceeded the increase, especially from 1947 through 1950, although in several years additions resulting from minimum allotment provisions more than offset the savings. (See Table 8.)

Table 8 - Burley Tobacco: Changes in acreage allotments due to underplanting, overplanting, and additions for minimums, 1947-55

Year	: Reduction in : : sulting from : : underplanting:	: Increase in : : sulting from : : overplanting :	: Difference : : Acres	: Added for : : minimum : : allotments :	: Net : change : Acres
1947	21,285	627	20,658	*	*
1948	15,578	278	15,300	*	*
1949	14,559	397	14,162	11,932	-2,230
1950	11,480	750	10,730	21,734	+11,004
1951	8,536	948	7,588	6,173	-1,415
1952	6,946	747	6,199	5,218	-981
1953	6,422	857	5,565	7,970	+2,405
1954	6,360	633	5,727	7,686	+1,959
1955	3,997	1,088	2,909	*	*

*Not available.

Chronological Account of Major Economic and
Program Developments Affecting Burley, 1946-55
1946-47

As required by law, a 1946-47 national marketing quota the same as that of the preceeding marketing year was proclaimed on November 27, 1945, Enactment of Public Law 302, 79th Congress, approved February 19, 1946, made possible a reduction in the 1946-47 marketing quota and acreage allotments. The amendment to the Agricultural Adjustment Act of 1938 provided the following:

Notwithstanding the requirements of the Adjustment Act concerning the supply situation, marketing quotas were to be in effect for the 1947-48 marketing year, as well as for 1946-47. A uniform reduction in 1946-47 State and farm acreage allotments was to be made in order to make available a supply not less than the reserve supply level, provided that no allotment of 1 acre or less was reduced by more than 10 percent.

The maximum reduction stipulated meant that according to the rule of fractions used in determining allotments (whereby all allotments were calculated to the nearest one-tenth of an acre), all allotments of 0.6 to 1 acre could be reduced by 0.1 acre, but allotments of 0.5 acre or less could not be reduced. At the time there were approximately 275,000 farms with burley allotments, of which about 120,000 had allotments of 1 acre or less. These small growers had allotments totaling slightly less than 120,000 acres of the national total of somewhat over 600,000. Thus, the burden of any downward adjustment fell on larger growers.

Following enactment of the enabling legislation, the marketing quota and acreage allotments which had been established for the 1946-47 marketing year were reduced by 10 percent, except that no allotment of 0.5 acre or less was lowered. The final national allotment of 557,335 acres was 9 percent below that of the previous year, but was still 9 percent higher than acreage harvested in 1945. Harvested acreage in 1946 equaled 88 percent of the national allotment. With a new record average yield per acre of 1,256 pounds, a 5-percent smaller harvested acreage produced a 6-percent larger crop, as compared with 1945. Although total supplies were at a new high, large quantities of 1946-crop burley placed under Government loan and expanded demand, both domestic and export, helped maintain the average grower price at 39.7 cents. This was fractionally above the level of the previous year and about 6 cents above the average loan level. Loan pledges totaled 148 million pounds, green weight basis, almost one-fourth of the crop.

Operation of the 1946-47 program is illustrative of the difficulty faced by administrators because of variability of average yields. In establishing the marketing quota and acreage allotments, it was expected that "with

average yields per acre, and a normal relationship between allotted and harvested acreage, the 1946 burley crop would be about 498,500,000 pounds as against the latest official estimate for the 1945 crop of about 603,000,000 pounds" (later revised to 577,200,000 pounds). Thus instead of achieving a planned reduction of some 80 million pounds in the crop, the quantity actually harvested was larger by nearly 40 million pounds.

1947-48

The large 1946 crop (a record up to that time) meant that a considerably smaller quantity of burley was required in the 1947-48 marketing year to bring the total supply within the reserve supply level specified by the formulas prescribed in the law. This quantity, 408 million pounds, would have required a further slash in individual acreage allotments of more than 30 percent. Such a drastic reduction in a single year was considered by administrators as undesirable, since it would disrupt farming operations, upset economic conditions in the burley area, and result in undue restriction of marketings. Required adjustments in production and allotments could be spread over several crops, if farmers approved 3-year quotas.

For these reasons, a national marketing quota for 1947-48 was proclaimed on October 1, 1946, at 490 million pounds, consisting of 408 million pounds required to bring the total supply within the reserve supply level and an additional 20 percent (82 million pounds) as authorized by the legislation. Even this would necessitate a reduction of about 20 percent in individual grower allotments.

A referendum conducted among burley tobacco growers on October 25, 1946, approved extension of marketing quotas for 3 years by a large majority. Of the 135,326 growers voting, 95.9 percent voted in favor of marketing quotas for the next 3 crops.

In the procedure used for making 1947 farm allotments, a "preliminary acreage allotment" was determined on basis of the average 1944-46 harvested and allotted acreage, subject to specified adjustments. The provisions in the wartime legislation which had been specific as to the level at which allotments were to be, had expired. This was then adjusted uniformly to equal the State acreage allotment, provided that no 1947 allotment could be less than the smaller of the 1946 allotment or 0.9 acre. The average reduction in "old" farm allotments was about 19.5 percent. Many allotments had been cut to the minimum of 0.19 acre in 1946, and could not be reduced further. All allotments which were reduced below 0.9 acre in 1947 by the application of the conversion factor of .8050 were restored to that amount. The effect of this minimum provision and individual adjustments resulted in a national allotment of 468,641 acres, 16 percent less than in 1946. Harvested acre-

0.9

age was down by 14 percent--reflecting some less underplanting. Average yields per acre dropped off, and the crop of 485 million pounds was 21 percent lower than in 1946--the smallest since 1943. Demand remained at the previous year's level so that grower prices averaged 48.5 cents a pound--almost a 9-cent increase over 1946. The level of price support was 40.3 cents a pound (90 percent of parity). About 38 million pounds (8 percent of the crop) were pledged for Government loans.

1948-49

The 1948-49 national marketing quota, originally proclaimed at 474 million pounds on November 28, 1947, was raised 40 million pounds to 514 million on February 28, 1948, to compensate for the earlier 1947 crop estimate, which had proved to be too high. A reduction of about 2 percent was made in farm allotments, with the minimum allotment the smaller of the 1947 allotment or 0.9 acre. The national acreage allotment was down only 1 percent from the preceding year. Although the 1948-49 marketing quota was 24 million pounds higher than in 1947-48, the national acreage allotment was down slightly because of the use of a higher average yield per acre in the conversion.

Underplanting declined still further, and the harvested acreage amounted to 93 percent of the national allotment. Yields were extremely favorable and the 3 percent larger harvested acreage produced a 24 percent larger crop. Disappearance in domestic and export channels increased only slightly, and the average grower price slid 2 1/2 cents to 46.0 cents per pound. Compared with the previous year, a much larger quantity of burley was placed under loan - 97 million pounds, or about 16 percent of the crop.

The marketing quota procedure followed in 1948-49 was similar to that in effect during the past 5 seasons with one major exception. In the procedure concerning disposition of excess tobacco, growers had as one alternative, to pay the county office the estimated penalty on such tobacco prior to marketing burley from the farm. This provision was dropped in the 1948-49 regulation, leaving two alternatives to the grower other than marketing the excess burley on an "Excess Marketing Card:" (1) to store the excess tobacco, representative of his entire crop, and post a bond approved by the county and State committees equal to twice the amount of the penalty becoming due on marketing the excess tobacco and (2) to furnish the county committee satisfactory proof that excess tobacco representative of the entire crop would not be marketed.

The 80th Congress passed and the President approved on July 3, 1948, the "Agricultural Act of 1948" (Public Law 897), which contained several provisions relating to tobacco. The act provided for the extension of price supports on burley until June 30, 1950, if producers did not disapprove marketing quotas, at 90 percent of parity to "cooperators," and

54 percent of parity to noncooperators on that portion of their crop subject to penalty, if marketed. Amendments were also made to the Agricultural Adjustment Act of 1938, which redefined parity price and provided for a sliding scale of support prices depending upon the level of supplies.

Effective January 1, 1950, the parity price of burley was redefined in terms of a formula which considered the average price received by burley growers in the past 10 years, the average index of prices received by farmers in the past 10 years on a 1910-14 base, and the index of prices paid by farmers at beginning of the marketing year, 1910-14 base.

If marketing quotas were not in effect a schedule was provided whereby the support level for 1950 burley and succeeding crops would vary between 90 percent and 60 percent of parity when total supply ranged between 70 percent and 130 percent, of normal supply. Price support was to be at 50 percent of parity if marketing quotas were disapproved by growers. The minimum levels without marketing quotas were to be increased by 20 percent up to a maximum of 90 percent of parity if acreage allotments were in effect, provided that marketing quotas had not been disapproved.

The Secretary of Agriculture was directed to proclaim marketing quotas for any year following a year in which such quotas were proclaimed. If marketing quotas were approved, the support level was set at 90 percent of parity, regardless of the level of supplies.

1949-50

A national marketing quota of 545 million pounds for the 1949-50 marketing year was proclaimed November 30, 1948. It was considered that such a level would permit individual allotments the same as in 1948. Grower allotments were increased by about 1 percent. Harvested acreage equalled 96 percent of the allotment, but amounted to 4 percent more than acreage harvested in 1948. Since the average yield per acre declined, the crop amounted to 561 million pounds, 7 percent smaller than in the previous year. However, total supplies relative to disappearance were somewhat larger, and the average season price received by growers declined fractionally to 45.2 cents. With the average support level at 40.3 cents, about 39 million pounds--7 percent of the crop--went under loan.

Additional legislation which affected burley tobacco was enacted in 1949. Public Law 439, 81st Congress, approved October 31, 1949, (Agricultural Act of 1949) provided the following:

(1) Further changes were made in the method of computing parity as set out in Agricultural Act of 1948, the most important of which was the inclusion of wages paid hired farm labor.

(2) The parity price for burley prior to December 31, 1954 could not be less than the parity price computed in the manner prior to the Agricultural Act of 1948 and price support at 90 percent of parity was made mandatory if marketing quotas were in effect.

(3) Tobacco prices were not to be supported at all if marketing quotas were disapproved by growers.

(4) The Secretary of Agriculture was required to announce the minimum level of price support as far in advance of the growing season as possible.

(5) The actual price support was to be 90 percent of the parity price as of October 1 or the minimum level, whichever was higher.

1950-51

A national marketing quota of 496 million pounds was proclaimed November 2, 1949, consisting of 451 million pounds required to bring supplies within the reserve supply level and an increase of 10 percent to avoid undue restriction of marketing. In a referendum held November 26, 1949, 143,490 or 92.3 percent of the 155,483 burley tobacco growers voting favored marketing quotas for the next three crops.

The minimum acreage allotment in 1950 was retained as the smaller of the preceding year's allotment or 0.9 acre. Allotments of growers with more than 0.9 acre were reduced 15 percent. The national allotment of 418,250 acres was 11 percent below that of the preceding year.

Since growers harvested only about 2-1/2 percent less acreage than the national allotment, there was even less underplanting than in prewar 1940. The average yield per acre was below that of 1949, and from a 9 percent smaller harvested acreage an 11 percent smaller crop was obtained.

The production of 499 million pounds was about 62 million smaller than the 1949 crop. Smaller supplies and the market reaction following the Korean outbreak resulted in a season average price of 49.0 cents, up nearly 4 cents over the previous year, and more than 3 cents above the average support level. The quantity placed under Government loans amounted to 44 million pounds--about 9 percent of the crop.

1951-52

The effect of the Korean outbreak continued to be felt in the 1951-52 season. The marketing quota, originally established at 542 million pounds on November 28, 1950, was increased to 580 million pounds on February 27, 1951 to assure adequate supplies during the defense emergency. Farm allotments were increased 11 percent over the preceding year's levels. No marked changes occurred either in the allotment or marketing procedure, except that following the increase in the marketing quota the acreage reserve for old farm adjustments was increased from one-half of 1 percent to 2 percent of the 1950-51 acreage allotments for each State.

The national allotment was increased 54,000 acres or 13 percent. Underplanting remained low. Yields were extremely favorable, averaging 1,403 pounds per acre compared with the preceding 5-year average of 1,276. Production increased 24 percent to 618 million pounds, about 30 million pounds more than the national marketing quota (including expected production from adjusted allotments). The average grower price was 51.2 cents per pound, 2.2 cents above the previous year, and 1.4 cents higher than the support level. About 97 million pounds of burley, 16 percent of the crop, went under loan.

1952-53

A national marketing quota of 591 million pounds was established November 28, 1951, 11 million pounds more than in the preceding marketing year. The quota consisted of 501 million pounds required to bring total supplies within the reserve supply level, plus an increase of 18 percent (90 million pounds) to avoid undue restriction of marketings. This quota permitted farm allotments to remain the same as in the preceding year. The national allotment of 474,747 acres represented an increase of less than 2,600 acres.

With less underplanting and higher average yields per acre than in the preceding year, a crop of 650 million pounds was produced, 32 million pounds more than the 1951 favorable production and more than 50 million pounds greater than the national marketing quota (including expected production from adjusted allotments). Large quantities of burley were placed under loan--104 million pounds or about one-sixth of the crop. The average grower price declined slightly less than 1 cent to 50.3 cents a pound. The support level for the 1952 burley crop was 49.5 cents.

In a referendum held on November 22, 1952, burley growers approved, by an overwhelming majority, marketing quotas on the 1953, 1954, and 1955 crops. Of the total of 179,493 growers voting, 174,014 or 97.0 percent approved marketing quotas.

Legislation enacted in 1952 reduced the minimum allotment that could be established for old farms from 0.9 to 0.7 acre. As early as June 1947, the Department had pointed out to the Congress the effect of the minimum allotment provisions of the law in confining reductions in allotments to growers with burley acreages larger than 0.9 acre, and had recommended the elimination of such provisions so that future adjustments in allotments could be shared equitably by all farms. This problem was again called to the attention of the Congress in 1948. In May 1952 the Department recommended that the law be amended to provide that the farm acreage allotment shall not be less than the smaller of (1) the allotment established for the immediately preceding year (2) five-tenths of an acre, or (3) 25 percent of the crop land on the farm. In justification, four points were cited:

(1) Since 1945 farms with allotments above 1 acre had their allotments reduced 32 percent, while smaller allotments remained the same or increased.

(2) With a normal crop in 1952, a 20 percent reduction in 1953 burley allotments would be required to bring supplies in line with requirements. However, reducing only allotments above 1 acre would result in a net reduction of only 13 percent. Any reductions in subsequent years would be even less effective because more allotments would be brought within the protected minimum allotment group.

(3) Seven-tenths of an acre of burley tobacco currently (1952) was equivalent to 1 acre in 1944 from the standpoint of production because of the increase of yields and the yield trend was still upward.

(4) The total number of farms with burley allotments was 304,847, sharing 475,000 acres or an average of 1.56 acres per farm. Of these, 190,836 or 63 percent had allotments of 1 acre or less. Of these small farms in turn, only about one-half had allotments in 1943 and so were entitled to the protection of the minimum acreage provision under Public Law 276 (78th Congress, approved March 31, 1944), although for administrative reasons the Department had used permissive provisions of the law to avoid reducing the allotments of the others. Thus unless the law were amended in time to apply to the 1953 crop, there would be around 95,000 small farms on which allotments should be reduced.

Acting upon the recommendation, the 82nd Congress enacted Public Law 528, approved July 12, 1952, which provided that the farm acreage allotment for burley tobacco for any year shall not be less than the smallest of (1) the allotment for the immediately preceding year (2) seven-tenths of an acre, or (3) 25 percent of the cropland, provided that no allotment of 1 acre or less should be reduced more than one-tenth of an acre in any one year. The additional acreage required by the act was to be in addition to the State acreage allotments and the production of such acreage was to be in addition to the national marketing quota. The new provision was to be effective for the 1953 and subsequent crops.

The specified minimum size of allotment was thus set at 0.7 acre instead of 0.5 acre as recommended, but the House Committee on Agriculture report stated the following: "It may be that the minimum may have to be reduced again at some future time, but it was the opinion of several witnesses that, with the administrative improvements suggested in this report, it would be several years before there would be any necessity of again reducing the minimum acreage and thereby broadening the base for any over-all reduction in the burley allotment." The limitation that no allotment of 1 acre or less could be reduced more than 0.1 acre in any one year was inserted to prevent "very small allotments (from) being sharply reduced."

The establishment of this minimum size for allotments and the limitation on the reduction that could be effected in any one year meant that in 1953 the allotments of 76,000 small farms could not be reduced, while the

maximum reduction that could be made in the allotments of the 114,000 farms with 1952 allotments of between 0.8 acre and 1.0 acre was slightly more than 10 percent.

1953-54

The 1953-54 national marketing quota, established November 5, 1952, was reduced 45 million pounds from the previous year's quota to 546 million pounds. This figure consisted of 455 million pounds required to bring supplies within the reserve supply level, and an additional 91 million pounds (20 percent) to avoid undue restriction of marketings. Such a quota necessitated a reduction of 10 percent in allotments, subject to the limitations imposed by Public Law 528, whereby the minimum allotment beginning with the 1953 crop was the smallest of the preceding year's allotment, 0.7 acre, or 25 percent of the cropland. Thus the national allotment became 432,746 acres, a reduction of 9 percent.

Harvested acreage was also 9 percent less than in 1952. With a drop in average yield per acre, production amounted to 564 million pounds, 13 percent less than a year earlier. The crop was within 3 percent of the national marketing quota as originally proclaimed, and within 2 percent of the quota when expected production from adjusted allotments is included. The quality of the crop was one of the best ever produced, and the average grower price reached a high of 52.5 cents, 2.2 cents more than in 1952-53. The support level at 46.6 cents was 2.9 cents lower than in the preceding season. However, deliveries for Government loans under the price support program remained high--totaling 102 million pounds or 18 percent of the crop.

1954-55

The 1954-55 national marketing quota proclaimed November 27, 1953 established a quota of 526 million pounds, consisting of 457 million pounds required to bring supplies within the reserve supply level and an additional 69 million pounds (15 percent) to avoid undue restriction of marketings. The 20 million pound reduction in quota from the preceding year's level and the use of a higher average yield per acre in converting the quota to acreage necessitated an 8 percent cut in allotments, subject to minimum allotment provisions of the law. The national allotment was reduced 8 percent to 399,450 acres, the smallest since 1942.

For the first time since acreage allotments were established in 1940 as the control feature of the burley program total harvested acreage exceeded total allotted acreage--thus indicating considerable overplanting of allotments. This overage was about 21,000 acres or 5 percent. The excess was due primarily to overplantings of 22,000 acres in Kentucky; very small overplantings occurred in North Carolina and Virginia. Small underplantings in the other producing states offset slightly the overplantings.

As a result of overplanting, there was little change in harvested acreage from the preceding year. The average yield per acre reached a new high of 1,585 pounds. The 1954 burley crop of 667 million pounds set a new record, topping the previous year's outturn by more than 100 million pounds and exceeding the 1954 marketing quota (including expected production from adjusted allotments) by 136 million pounds.

The season grower price averaged 49.8 cents per pound, off 2.7 cents from the previous year, although 3.4 cents above the support level of 46.4 cents per pound. Quantities placed under loan reached a record high of 221 million pounds or one-third of the crop.

The Agricultural Act of 1954 (Public Law 690) approved August 28, 1954 continued the mandatory level of price support for burley tobacco at 90 percent of parity unless marketing quotas were rejected by growers.

1955-56

The 1955-56 national marketing quota that was proclaimed on November 26, 1954 set a quota of 478 million pounds, consisting of 398 million pounds required to bring supplies within the reserve supply level and an additional 80 million pounds (20 percent) to avoid undue restriction of marketings. However, this determination was based on a 1954 crop estimated as of November 1 at 582 million pounds which turned out to be an underestimation of 85 million pounds. If the actual size of the 1954 crop had been known, the necessary cut in 1955 allotments would have been 25-30 percent instead of the 10 percent cut announced.

After a series of meetings with representatives of burley producers, the Department recommended remedial legislation, most of which was incorporated in Public Law 21, 84th Congress, approved March 31, 1955. The chief provisions were as follows:

- (1) The Secretary was directed, within 10 days after enactment, to redetermine the national marketing quota for the 1955-56 marketing year on the basis of the latest available statistics. However, the preliminary burley acreage allotment already established for 1955-56 was not to be reduced by more than 25 percent, except in the case of violations. (an effect, permitting a further 15 percent cut in allotments).
- (2) In making the redetermination, allotments which were 0.7 acre or less but more than 0.5 acre could be reduced by an amount not exceeding 0.1 acre.
- (3) Within 20 days after the proclamation of the redetermined quota, a referendum was to be conducted to determine whether or not burley producers favored acceptance of the new quota. If the marketing quota was disapproved, no price support was to be made available for the 1955 crop.

(4) The minimum allotments for the 1956 and subsequent crops was to be the smallest of (a) the preceding year's allotment (b) 0.5 acre (instead of 0.7), or (c) 10 percent of the cropland (instead of 25 percent) provided that no allotment of 0.7 acre or less could be reduced more than 0.1 acre in any one year. The additional acreage required under this provision was to be in addition to the State acreage allotments and the production of such acreage was to be in addition to the national marketing quota.

(5) Any acreage of burley harvested in excess of the farm acreage allotment for the year 1955 or any subsequent crop was not to be considered in establishing future acreage allotments. This closed the door to those growers who, to increase their future allotments, acquired additional history by growing burley on excess acreage even though it incurred a penalty on marketings.

(6) The penalty on excess marketings was to be increased from 50 percent to 75 percent of the previous season's average price, effective October 1, 1955.

(7) If a producer made a false report of the burley acreage grown on his farm, the amount of the misstatement was to be deducted from his next year's allotment.

In line with the new legislation, a redetermined national marketing quota of 334 million pounds was established on April 8, 1955, consisting of 278 million pounds to bring supplies within the reserve supply level and an additional 56 million pounds (20 percent) to avoid undue restriction of marketings. In the referendum held April 28, 96 percent of the 340,822 burley growers voting favored the redetermined quota. The redetermined quota was 144 million pounds less than the originally proclaimed quota and 192 million pounds less than the 1954-55 quota. Converted to acreage on the basis of adjusted average yields in the preceding 5 years, the redetermined quota was equivalent to 253,226 acres, a reduction of 37 percent from the previous year. However, due to the limitations on reductions in Public Law 21 the national allotment established for 1955 was 310,000, 22 percent below 1954 level. On the basis of the average yields used to compute the acreage equivalent of the proclaimed quota, such an acreage could be expected to produce around 409 million pounds, 75 million pounds more than the quota determination. Based on October 1 conditions, the 1955 burley crop is indicated at 518 million pounds from 326,000 acres. The October 1 indication of the average yield per acre was 1,590 pounds--virtually duplicating last year's record. It appears that this year's crop will be nearly 185 million more than the proclaimed quota, and about 110 million more than the production expected off the national acreage allotment on the basis of average yields of the past 5 years.

Three recent changes in the Agricultural Adjustment Act of 1938, as amended, were made by the 84th Congress. Public Law 279, approved August 9, 1955 provides for the following:

(1) Marketing quotas for tobacco if approved by growers are to be imposed for 3-year periods, rather than for 1 or 3 years as allowed previously.

(2) Quotas shall not be proclaimed oftener than once every 3 years for any kind of tobacco for which producers have disapproved marketing quotas in 3 successive years subsequent to 1952, unless at least one-fourth of the producers of such tobacco petition the Secretary to proclaim quotas.

Public Law 351, approved August 11, 1955, provides that for the next 3 years (1956-58) the burley tobacco acreage allotment for a farm (other than a farm retired from agricultural production) would not be reduced because of underplanting if as much as 50 percent of the farm acreage allotment was harvested in any one of the preceding 5 years. If less than 50 percent of the allotment was harvested in each of the preceding 5 years, the allotment would not be reduced for such reason to less than the largest acreage harvested in any year in such 5-year period. The purpose of the change was to discourage the production of burley for the purpose of retaining allotments.

Public Law 361, also approved August 11, 1955, provides that beginning with the 1955 crop the production of tobacco on a farm for which no acreage allotment was established shall not make the farm eligible for an allotment as an old farm nor prevent it from being a "new farm" for allotment purposes. However, such production shall not be considered past tobacco experience for any producer on the farm.

APPENDIXES

Appendix A

U.S.D.A. Letter to Farm Organizations, Producer Cooperatives,
Agricultural Colleges, and Others

July 29, 1955

There is attached a copy of Public Law 96, 84th Congress, approved June 28, 1955, directing a study and report by the Secretary on burley tobacco marketing controls.

The following have been designated as a working group to initiate this study and conduct hearings with respect to burley tobacco marketing controls.

Arthur G. Conover, Agr. Economics Div., Agricultural Marketing Service
Clarence L. Miller, Tobacco Division, Commodity Stabilization Service
Robert A. Owen, Tobacco Division, Foreign Agricultural Service
Don Paarlberg, Assistant to the Secretary
Joseph J. Todd, Tobacco Division, Commodity Stabilization Service
Claude G. Turner, Tobacco Division, Agricultural Marketing Service

It will be appreciated if you will furnish us your comments and suggestions with respect to "the various methods of marketing control which have been or could be made applicable to burley tobacco, including farm marketing quotas, poundage limitations, acreage limitations, and a combination of both poundage and acreage limitations." To facilitate summarizing your comments and suggestions with others, it will be helpful if they are furnished with respect to the items listed below in the order shown, considering (a) quotas based on acreage, (b) quotas based on pounds, and (c) a combination of both.

1. Effect on quality
2. Effectiveness of control measures
3. Effect on production practices
4. Effect on marketing practices
5. Acceptability to growers
6. Cost of administering control program
7. Effect on administration
 - (i) Establishing farm quotas
 - (ii) Determining compliance
 - (iii) Transfer of quotas among farms
 - (iv) Determining price support eligibility
 - (v) Handling of excess tobacco

Your comments on these and any other items together with any other material you care to present should reach us by September 1, 1955. You will be advised later as to the dates and places of the hearings, and we hope that you and members of your staff can attend and participate in the discussions.

We will appreciate your usual fine cooperation.

Sincerely yours,

/s/ Howard J. Doggett
Assistant to the Assistant Secretary

Appendix B

Press Release

For A.M. Release September 6

Washington, September 2, 1955

Hearings on Burley Tobacco Marketing Controls Announced:

Public hearings to consider burley tobacco marketing controls were announced today by the U. S. Department of Agriculture.

The hearings are called in connection with a study being made by the Department in accordance with Public Law 96, which was enacted at the last session of Congress. This law directs the Secretary of Agriculture "to make a study of the various methods of marketing control which have been or could be made applicable to burley tobacco, including farm marketing quotas, poundage limitations, acreage limitations, and a combination of both poundage and acreage limitations."

Hearings have been scheduled in the burley tobacco producing areas as follows:

Abingdon, Va., Monday, September 12. (Appalachian Electric & Power Company Auditorium)

Knoxville, Tenn., Tuesday, September 13. (Room 201, McCord Hall, University of Tennessee)

Bowling Green, Ky., Wednesday, September 14. (Snell Hall, Western College)

Louisville, Ky., Wednesday, September 14. (Farm Bureau Building, 106 South Hubbard Lane)

Lexington, Ky., Friday, September 16. (Modern Arts Building, University of Kentucky)

The hearings will begin at 10 a.m., local standard time, and will be conducted by members of the Department's working group making the study. This group is composed of Clarence L. Miller, Robert A. Owen, Claude G. Turner, Joseph J. Todd, and Arthur G. Conover, tobacco specialists, and Don Paarlberg, assistant to the Secretary of Agriculture.

In initiating the study, the Department has requested comments and suggestions of farm organizations, producer cooperatives, and other agricultural agencies in the burley producing area. The purpose of the hearings is to afford all interested agencies, organizations, and burley growers an opportunity to express their views on the various methods of marketing controls which have been or could be made applicable to burley tobacco.

The views expressed at the hearings will be considered by the working group in preparing the Department's report to the Congress, as required by the law. The law directs the Secretary "to submit to the Congress on or before November 1, 1955, a detailed report * * * showing among other things the probable costs, effects, and feasibility of each type of operation studied and what legislation, if any, would be needed to put it into effect."

Burley tobacco is grown principally in Kentucky, Tennessee, Virginia, North Carolina, Ohio, Indiana, Missouri, and West Virginia.

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NOTE: Another hearing was held in the Court House, Asheville, North Carolina, September 13, 1955.

Appendix C

Statistical Tables Relating to Burley Tobacco

Table 1.--United States: Acreage, yield per acre, production, season average price, value of production, 1920-55 and number of allotments and allotted acreage for burley tobacco, 1938-55

Crop Year	: Acreage	: Yield per acre	: Production	: Season average price	: Value of production	: Number of allotments	: Allotted	: Average size of allotment
1/	: :	: :	: :	: :	: :	: :	: :	: 2/
	: 1,000 acres	: Pounds	: Million pounds	: Cents	: Million dollars	: Thou- sands	: 1,000 acres	: Acres
1920	: 364.5	789	287.7	13.5	38.8			
1921	: 232.9	754	175.7	21.5	37.8			
1922	: 322.7	857	276.4	26.8	74.2			
1923	: 390.3	872	340.4	20.0	68.0			
1924	: 348.4	849	295.8	20.1	59.5			
1925	: 344.9	806	277.8	18.0	50.0			
1926	: 347.0	832	288.8	13.1	37.7			
1927	: 241.1	731	176.2	25.9	45.6			
1928	: 329.7	816	269.1	30.5	82.1			
1929	: 418.1	807	337.4	21.8	73.4			
	:							
1930	: 472.1	740	349.2	15.5	54.0			
1931	: 502.7	845	424.8	8.7	36.1			
1932	: 410.2	740	303.7	12.5	38.1			
1933	: 501.5	753	377.5	10.5	39.7			
1934	: 303.5	831	3/234.2	16.9	39.6			
1935	: 279.8	794	222.1	19.1	42.4			
1936	: 302.5	729	220.4	35.7	78.7			
1937	: 443.3	907	402.2	20.1	80.8			
1938	: 407.1	833	339.2	19.0	64.4		447.8	
1939	: 424.7	931	395.3	17.3	68.6		407.2	
	:							
1940	: 360.3	1,045	376.6	16.2	60.9	239.7	374.6	1.56
1941	: 341.9	985	336.8	29.2	98.5	244.7	381.6	1.56
1942	: 350.6	980	343.5	41.8	143.7	245.6	382.8	1.56
1943	: 399.3	982	392.1	45.6	178.7	248.2	470.5	1.90
1944	: 496.6	1,189	590.6	44.0	259.7	252.1	588.2	2.33
1945	: 512.3	1,127	577.2	39.4	227.5	266.5	609.7	2.29
1946	: 489.0	1,256	614.0	39.7	243.6	272.7	557.3	2.04
1947	: 420.5	1,153	484.7	48.5	234.9	276.2	468.6	1.70
1948	: 432.0	1,396	602.9	46.0	277.4	281.0	463.2	1.65
1949	: 447.4	1,253	560.5	45.2	253.2	289.8	468.3	1.62
	:							
1950	: 408.3	1,222	499.0	49.0	244.5	298.5	418.2	1.40
1951	: 456.1	1,355	618.1	51.2	316.6	302.2	472.2	1.56
1952	: 463.5	1,403	650.1	50.3	327.0	307.8	474.7	1.54
1953	: 419.7	1,345	564.4	52.5	296.4	311.1	432.7	1.39
1954	: 420.9	1,585	667.2	49.8	332.5	316.9	399.4	1.26
1955 4/	: 325.7	1,590	517.9			318.0	310.0	.97
	:							

1/ Year beginning October 1. 2/ Computed from unrounded data. 3/ Excludes 18.0 million pounds rendered unmerchantable by growers operating under contract with AAA. 4/ Acreage indicated as of July 1; production and yield, as of October 1.

Table 2. Kentucky: Acreage yield per acre production, season average price, value of production, 1920-55, and number of allotments and allotted acreage for burley tobacco, 1938-55

Year	Crbp	Acreage	Yield per acre	Production	Season average price	Value of production	Number of allotments	Average size of allotted acreage	Average size of allotment
1/		acres	Pounds	Million pounds	Cents	Million dollars	1,000	1,000 acres	2/
1920	:	298.0	770	229.5	13.3	30.5			
1921	:	190.0	735	139.7	21.0	29.3			
1922	:	260.0	860	223.6	26.5	59.3			
1923	:	305.0	870	265.4	19.5	51.7			
1924	:	265.0	845	223.9	20.1	45.0			
1925	:	260.0	810	210.6	17.8	37.5			
1926	:	250.0	825	206.2	13.3	27.4			
1927	:	185.0	705	130.4	26.3	34.3			
1928	:	250.0	810	202.5	30.7	62.2			
1929	:	310.0	785	243.4	21.4	52.1			
1930	:	335.0	705	236.2	15.0	35.4			
1931	:	365.0	835	304.8	8.6	26.2			
1932	:	300.0	725	217.5	12.2	26.5			
1933	:	350.0	715	250.2	10.7	26.8			
1934	:	220.0	825	3/166.9	17.3	28.9			
1935	:	202.0	765	154.5	18.9	29.2			
1936	:	225.0	690	155.2	35.8	55.6			
1937	:	309.0	895	276.6	20.4	56.4			
1938	:	285.0	810	231.7	19.5	45.2		308.2	
1939	:	300.0	920	276.0	17.7	48.9		282.3	
1940	:	255.0	1,040	265.2	15.8	41.9	117.8	260.3	2.21
1941	:	245.0	980	240.1	29.2	70.1	120.4	264.3	2.19
1942	:	251.0	960	241.0	42.0	101.2	120.7	265.4	2.20
1943	:	285.0	945	269.3	44.9	120.9	122.1	318.5	2.61
1944	:	353.0	1,165	411.2	43.9	180.5	128.2	395.9	3.09
1945	:	357.0	1,070	382.0	39.7	151.7	134.0	409.8	3.06
1946	:	349.0	1,225	427.5	39.9	170.6	137.3	377.0	2.74
1947	:	297.0	1,090	323.7	49.6	160.6	139.0	312.0	2.24
1948	:	303.0	1,355	410.6	45.8	188.0	141.4	308.2	2.18
1949	:	309.0	1,245	384.7	45.7	175.8	145.0	311.7	2.15
1950	:	278.0	1,165	323.9	48.9	158.4	149.4	273.9	1.83
1951	:	312.0	1,345	419.6	50.6	212.3	150.5	310.2	2.06
1952	:	315.0	1,380	434.7	50.7	220.4	152.5	312.2	2.05
1953	:	287.0	1,335	383.1	52.3	202.3	152.6	283.8	1.86
1954	:	284.0	1,595	453.0	50.0	226.5	154.6	261.7	1.69
1955 4/	:	219.0	1,575	344.9			154.7	200.5	1.30

1/ Year beginning October 1. 2/ Computed from unrounded data. 3/ Excludes 14.6 million pounds rendered unmerchantable by growers under provisions of AAA adjustment contracts. 4/ Acreage indicated as of July 1 production and yield, as of October 1.

Table 3. Tennessee: Acreage, yield per acre production, season average price, value of production, 1920-55, and number of allotments and allotted acreage for burley tobacco, 1938-55

Crop year 1/	: Acreage	: Yield per acre	: Production million pounds	: Season average price Cents	: Value of production Million dollars	: Number of allotments Thousands	: Allotted acreage 1,000 acres	: Average size of allotment Acres
1920	: 15.5	790	12.2	12.7	1.6			
1921	: 9.3	790	7.3	30.3	2.2			
1922	: 15.1	815	12.3	30.0	3.7			
1923	: 26.1	875	22.8	24.5	5.6			
1924	: 31.5	860	27.1	21.4	5.8			
1925	: 35.2	700	24.6	19.1	4.7			
1926	: 52.5	820	43.0	12.5	5.4			
1927	: 28.0	785	22.0	26.7	5.9			
1928	: 40.0	815	32.6	30.4	9.9			
1929	: 47.5	900	42.7	25.1	10.7			
1930	: 76.00	840	63.8	18.0	11.5			
1931	: 70.0	860	60.2	9.2	5.5			
1932	: 58.0	790	45.8	13.6	6.2			
1933	: 82.0	860	70.5	10.5	7.4			
1934	: 45.0	840	3/36.2	16.4	5.9			
1935	: 42.0	850	36.1	21.1	7.6			
1936	: 41.0	830	34.0	39.8	13.5			
1937	: 73.5	930	68.4	19.1	13.1			
1938	: 66.0	900	59.4	18.2	10.8		75.2	
1939	: 67.0	960	64.3	16.7	10.7		67.3	
1940	: 58.0	1,060	61.5	18.6	11.4	70.5	62.2	0.88
1941	: 54.0	980	52.9	30.7	16.2	68.3	63.7	0.89
1942	: 56.0	1,000	56.0	41.3	23.1	72.4	63.8	0.88
1943	: 63.0	1,060	66.8	47.0	31.4	73.5	83.4	1.14
1944	: 80.0	1,225	98.0	43.7	42.8	74.9	106.2	1.48
1945	: 89.0	1,250	111.2	39.4	43.8	77.8	112.5	1.45
1946	: 83.0	1,360	112.9	39.7	44.8	79.6	102.1	1.28
1947	: 73.0	1,310	95.6	47.3	45.2	80.7	90.0	1.11
1948	: 76.0	1,475	112.1	47.5	53.2	82.4	39.4	1.08
1949	: 82.0	1,200	98.4	44.1	43.4	86.1	90.4	1.05
1950	: 77.0	1,320	101.6	49.0	49.8	88.8	84.0	.95
1951	: 85.0	1,315	111.8	53.2	59.5	90.7	94.3	1.04
1952	: 89.0	1,375	122.4	49.2	60.2	92.7	94.8	1.02
1953	: 78.0	1,290	100.6	52.2	52.9	94.3	87.0	.92
1954	: 80.0	1,445	115.6	48.9	56.5	96.1	80.4	.84
1955 4/	: 62.0	1,500	93.0			96.5	63.9	.66

1/ Year beginning October 1. 2/ Computed from unrounded data. 3/ Excludes 1.6 million pounds rendered unmerchantable by growers under provisions of AAA adjustment contracts. 4/ Acreage indicated as of July 1 production and yield as of October 1.

Table 4 North Carolina: Acreage, yield per acre production, season average price, value of production 1920-55 and number of allotments and allotted acreage for burley tobacco 1938-55

Crop:	Year:	Acreage	Yield per acre	Production	Season average price	Value of production	Number of allotments	Allotted acreage	Average size of allotment
1/	:	:	:	:	:	:	:	:	2/
	:	1 000 acres	Pounds	Million pounds	Cents	Million dollars	Thou-sands	1,000 acres	Acres
1920	:	3.1	620	1.9	13.5	0.3			
1921	:	2.1	750	1.6	24.5	.4			
1922	:	3.0	500	1.5	27.5	.4			
1923	:	3.7	700	2.6	22.5	.6			
1924	:	3.5	636	2.2	21.0	.5			
1925	:	3.8	650	2.5	17.5	.4			
1926	:	3.3	705	2.3	12.5	.3			
1927	:	2.4	720	1.7	23.5	.4			
1928	:	3.6	650	2.3	29.5	.7			
1929	:	5.5	730	4.0	21.5	.9			
1930	:	7.2	750	5.4	15.8	.9			
1931	:	7.1	710	5.0	19.2	.5			
1932	:	6.5	735	4.8	15.2	.7			
1933	:	9.2	785	7.2	9.9	.7			
1934	:	5.5	870	3/4.6	17.5	.8			
1935	:	5.2	925	4.8	21.3	1.0			
1936	:	6.0	900	5.4	38.8	2.1			
1937	:	9.0	975	8.8	21.4	1.9			
1938	:	8.6	900	7.7	16.9	1.3		9.7	
1939	:	8.1	1,070	8.7	16.7	1.4		8.5	
1940	:	6.5	1,050	6.8	18.2	1.2	11.9	7.9	0.66
1941	:	6.2	1,075	6.7	31.4	2.1	11.9	7.9	.67
1942	:	6.6	1,150	7.6	42.3	3.2	12.0	8.0	.67
1943	:	8.5	1,225	10.4	49.0	5.1	12.3	11.4	.93
1944	:	12.0	1,390	16.7	48.9	8.2	12.2	15.1	1.24
1945	:	13.0	1,500	19.5	38.3	7.5	13.3	15.6	1.17
1946	:	9.8	1,475	14.5	41.5	6.0	14.6	14.2	.97
1947	:	9.6	1,560	15.0	42.3	6.3	14.8	12.8	.87
1948	:	10.3	1,680	17.3	46.3	8.0	15.4	12.9	.84
1949	:	10.8	1,440	15.6	43.4	6.7	16.1	13.1	.81
1950	:	10.5	1,700	17.8	51.4	9.2	16.8	12.5	.74
1951	:	12.2	1,750	21.3	54.2	11.6	16.9	13.9	.82
1952	:	12.0	1,680	20.2	48.7	9.8	17.8	14.1	.79
1953	:	11.4	1,800	20.5	53.7	11.0	18.4	13.1	.71
1954	:	12.7	1,920	24.4	52.0	12.7	19.3	12.3	.64
1955	4/	10.3	2,200	22.7			19.5	10.2	.53

1/ Year beginning October 1. 2/ Computed from unrounded data. 3/ Excludes 150 thousand pounds rendered unmerchantable under provisions of AAA production adjustment contracts. 4/ Acreage indicated as of July 1, production and yield, as of October 1.

Table 5. Virginia: Acreage, yield per acre, production, season average price value of production, 1920-55, and number of allotments and allotted acreage for burley tobacco, 1938-55

Crop year	Acreage	Yield per acre	Production	Season average price	Value of production	Number of allotments	Average size of allotted acreage	Average size of allotment
1/								2/
	1,000 acres	Million Pounds	Million pounds	Cents	Million dollars	Thou sands	1,000 acres	Acres
1920 :	2.0	1,070	2.1	14.7	0.3			
1921 :	.7	1,100	.8	31.2	.2			
1922 :	1.8	1,000	1.8	26.6	.5			
1923 :	2.0	1,100	2.2	23.1	.5			
1924 :	3.1	.915	2.8	21.4	.6			
1925 :	3.6	903	3.3	16.7	.5			
1926 :	3.6	1,030	3.7	15.1	.6			
1927 :	2.8	1,004	2.8	23.9	.7			
1928 :	4.1	1,100	4.5	30.4	1.4			
1929 :	7.1	1,015	7.2	24.5	1.8			
:								
1930 :	9.2	1,060	9.8	17.1	1.7			
1931 :	9.1	1,010	9.2	9.1	.8			
1932 :	7.6	900	6.8	14.7	11.0			
1933 :	13.0	1,030	13.4	10.6	1.4			
1934 :	7.0	1,020	3/ 6.8	17.2	1.2			
1935 :	6.8	1,050	7.1	19.9	1.4			
1936 :	8.0	1,100	8.8	33.4	2.9			
1937 :	12.8	1,150	14.7	19.4	2.9			
1938 :	11.2	940	10.5	16.8	1.8		12.7	
1939 :	11.7	1,060	12.4	16.7	2.1		11.4	
:								
1940 :	9.5	1,190	11.3	18.2	2.1	13.6	10.4	.77
1941 :	8.8	1,175	10.3	30.2	3.1	13.8	10.5	.76
1942 :	8.8	1,200	10.6	43.2	4.6	14.0	10.6	.76
1943 :	10.5	1,360	14.3	48.4	6.9	14.1	14.4	1.02
1944 :	14.3	1,460	20.9	43.0	9.0	13.3	18.0	1.35
1945 :	14.5	1,530	22.2	40.1	8.9	14.3	18.6	1.30
1946 :	12.5	1,575	19.7	38.9	7.7	14.6	17.0	1.16
1947 :	11.4	1,625	18.5	45.5	8.4	14.7	15.0	1.02
1948 :	12.2	1,750	21.4	46.0	9.8	15.0	14.9	.99
1949 :	12.8	1,575	20.2	42.9	8.6	15.4	15.1	.98
:								
1950 :	11.8	1,680	19.8	51.4	10.2	15.8	14.1	.89
1951 :	14.0	1,730	24.2	53.4	12.9	16.3	15.9	.97
1952 :	14.2	1,765	25.1	50.2	12.6	16.9	15.9	.94
1953 :	13.6	1,507	20.4	49.7	10.1	17.5	14.7	.84
1954 :	14.1	1,880	26.5	50.7	13.4	18.1	13.7	.75
1955 4/11.0		1,875	20.6			18.3	11.1	.60

1/ Year beginning October 1.

2/ Computed from unrounded data.

3/ Excludes 325 thousand pounds rendered unmerchantable by growers operating under contract with AAA.

4/ Acreage indicated as of July 1; production and yield, as of October 1.

Table 6.—Ohio: Acreage, yield per acre, production, season average price, value of production, 1920-55 and number of allotments and allotted acreage for burley tobacco, 1930-55

Crop:	Yield :	Season :	Value :	Number :	Average			
year:	per :	average :	of :	of :	Alotted:			
1/ :	acre :	tion :	price :	produc- :	size of			
:	:	:	:	tien :	acreage allotment			
:	:	:	:	:	: 2/			
:	:	:	:	:	:			
:	1,000	Million		Million	Thou-	1,000		
:	acres	Pounds	pounds	Cents	dollars	sands	acres	Acres
1920 :	19.3	972	16.8	14.3	2.7			
1921 :	11.2	848	9.5	21.9	2.1			
1922 :	18.1	856	15.5	27.4	4.2			
1923 :	21.9	890	19.5	20.4	4.0			
1924 :	17.1	916	15.7	19.6	3.1			
1925 :	14.0	951	13.3	19.3	2.6			
1926 :	13.4	912	12.2	13.8	1.7			
1927 :	8.8	861	7.6	23.5	1.8			
1928 :	12.8	862	11.0	31.2	3.4			
1929 :	20.8	870	18.1	19.5	3.5			
:								
1930 :	17.0	775	13.2	13.8	1.8			
1931 :	20.9	920	19.2	8.5	1.6			
1932 :	15.7	730	11.5	12.4	1.4			
1933 :	19.5	780	15.2	9.2	1.4			
1934 :	10.8	865	3/ 8.7	15.6	1.4			
1935 :	9.5	770	7.3	16.1	1.2			
1936 :	10.5	790	8.3	24.0	2.0			
1937 :	15.4	875	13.5	18.7	2.5			
1938 :	13.7	850	11.6	18.2	2.1		16.8	
1939 :	15.5	890	13.8	17.2	2.4		14.4	
:								
1940 :	12.9	960	12.4	12.6	1.6	9.7	13.1	1.35
1941 :	12.0	925	11.1	27.5	3.1	12.1	13.7	1.35
1942 :	12.5	970	12.1	42.0	5.1	10.3	13.7	1.33
1943 :	14.0	900	12.5	44.4	5.6	10.1	16.8	1.66
1944 :	16.5	1,120	18.5	42.5	7.9	10.6	21.0	1.97
1945 :	16.8	1,090	18.3	37.8	6.9	11.2	21.5	1.92
1946 :	14.3	1,040	14.9	36.6	5.4	10.7	18.9	1.77
1947 :	12.5	1,090	13.6	45.4	6.2	10.9	15.7	1.44
1948 :	12.8	1,350	17.3	42.4	7.3	10.7	15.4	1.44
1949 :	13.8	1,300	17.9	45.4	8.1	10.8	15.6	1.43
:								
1950 :	12.8	1,100	14.1	46.7	6.6	11.2	13.9	1.24
1951 :	14.0	1,355	19.0	49.5	9.4	11.2	15.5	1.39
1952 :	14.0	1,500	21.0	51.4	10.8	11.2	15.6	1.33
1953 :	12.8	1,400	17.9	53.1	9.5	11.4	14.1	1.24
1954 :	12.6	1,650	20.8	50.1	10.4	11.6	13.0	1.12
1955 4/ :	10.0	1,600	16.0			11.7	10.1	.86

1/ Year beginning October 1. 2/ Computed from unrounded data. 3/ Excludes 625 thousand pounds rendered unmerchantable by growers operating under contract with AAA. 4/ Acreage indicated as of July 1; production and yield as of October 1.

Table 7.--Indiana: Acreage, yield per acre, production, season average price, value of production, 1920-55 and number of allotments and allotted acreage for burley tobacco, 1938-55

Crop year 1/	: : : :	: : : :	: : : :	: : : :	: : : :	: : : :	: : : :	: : : :
	Acreage:	Yield per acre	Produc- tion	Season average price	Value of produc- tion	Number: of allot- ments	of Allotted: acreage	Average size of allotment 2/
	: : :	: : :	: : :	: : :	: : :	: : :	: : :	: : :
	1,000 acres	Pounds	Million pounds	Cents	Million dollars	Thou- sands	1,000 acres	Acres
1920	: 13.0	887	11.5	12.7	1.5			
1921	: 9.5	898	8.5	21.8	1.9			
1922	: 10.9	900	9.8	27.3	2.7			
1923	: 14.8	842	12.5	18.9	2.4			
1924	: 15.1	904	13.7	19.1	2.6			
1925	: 15.3	862	13.2	17.1	2.3			
1926	: 13.1	880	11.5	10.3	1.2			
1927	: 7.3	760	5.5	19.6	1.1			
1928	: 9.8	835	8.0	27.5	2.2			
1929	: 14.6	805	11.8	19.4	2.3			
	:							
1930	: 14.0	725	10.2	10.1	1.0			
1931	: 16.5	860	14.2	7.1	1.0			
1932	: 11.2	725	8.1	11.1	.9			
1933	: 12.3	700	8.6	8.2	.7			
1934	: 7.8	850	3/6.2	15.0	.9			
1935	: 7.1	865	6.1	18.4	1.1			
1936	: 5.4	700	3.8	27.8	1.1			
1937	: 13.0	860	11.2	19.2	2.1			
1938	: 11.1	825	9.2	17.6	1.6		12.1	
1939	: 11.7	905	10.6	16.1	1.7		11.5	
	:							
1940	: 9.5	1,050	10.0	11.8	1.2	9.1	10.4	1.15
1941	: 7.8	1,005	7.8	25.0	2.0	9.4	10.8	1.14
1942	: 7.9	1,100	8.7	40.1	3.5	8.9	10.6	1.19
1943	: 9.7	1,025	9.9	46.2	4.6	8.9	13.1	1.47
1944	: 10.8	1,320	14.3	42.9	6.1	9.2	16.5	1.80
1945	: 11.1	1,200	13.3	36.5	4.9	9.4	16.4	1.76
1946	: 10.3	1,300	13.4	36.3	4.9	9.3	14.5	1.56
1947	: 8.8	1,135	10.0	45.5	4.5	9.4	12.1	1.29
1948	: 9.5	1,500	14.2	43.5	6.2	9.4	11.8	1.26
1949	: 10.4	1,270	13.2	41.0	5.4	9.6	12.0	1.24
	:							
1950	: 10.0	1,275	12.8	47.0	6.0	9.6	10.6	1.10
1951	: 10.7	1,285	13.8	47.9	6.6	9.8	12.0	1.23
1952	: 10.9	1,420	15.5	45.9	7.1	10.0	12.0	1.21
1953	: 9.3	1,400	13.0	50.3	6.5	10.1	11.0	1.09
1954	: 9.9	1,630	16.1	46.4	7.5	10.2	10.1	.99
1955 4/	: 7.6	1,700	12.9			10.2	7.8	.77

1/ Year beginning October 1. 2/ Computed from unrounded data. 3/ Excludes 425 thousand pounds rendered unmerchantable by growers operating under contract with AAA. 4/ Acreage indicated as of July 1; production and yield, as of October 1.

Table 8.--Missouri: Acreage, yield per acre, production, season average price, value of production, 1920-55, and number of allotments and allotted acreage for burley tobacco, 1938-55

Crop year ^{1/}	Acreage	Yield per acre	Production	Season average price	Value of production	Number of allotments	Allotted acreage	Average size of allotment
	1,000 acres	Pounds	Million pounds	Cents	Million dollars	Thou-sands	1,000 acres	Acres
1920	4.5	950	4.3	11.8	.5			
1921	4.5	925	4.2	20.0	.8			
1922	4.6	935	4.3	26.7	1.1			
1923	6.0	1,040	6.2	19.4	1.2			
1924	4.7	895	4.2	18.9	.8			
1925	5.2	885	4.6	18.7	.9			
1926	3.9	950	3.7	10.1	.4			
1927	3.4	1,050	3.6	25.1	.9			
1928	4.2	1,040	4.4	28.6	1.2			
1929	5.2	910	4.7	21.9	1.0			
1930	7.3	925	6.8	15.4	1.0			
1931	6.6	985	6.5	10.1	.7			
1932	7.3	935	6.8	13.5	.9			
1933	8.2	915	7.5	9.7	.7			
1934	4.3	690	3/2.8	6.9	.2			
1935	4.1	950	3.9	12.2	.5			
1936	4.0	730	2.9	32.0	.9			
1937	6.0	925	5.5	24.0	1.3			
1938	6.5	950	6.2	18.1	1.1		6.9	
1939	6.8	925	6.3	13.0	.8		6.4	
1940	5.4	1,150	6.2	16.0	1.0	1.9	5.5	2.93
1941	5.4	1,000	5.4	23.1	1.2	1.9	5.7	2.93
1942	5.1	1,000	5.1	40.3	2.1	2.0	5.7	2.89
1943	5.6	1,050	5.9	49.0	2.9	2.0	6.6	3.34
1944	6.4	1,150	7.4	50.1	3.7	2.0	8.1	4.05
1945	7.3	900	6.6	34.1	2.2	2.1	8.2	3.88
1946	6.6	1,125	7.4	37.5	2.8	2.2	7.4	3.44
1947	5.2	900	4.7	43.2	2.0	2.2	5.9	2.72
1948	5.1	1,150	5.9	47.0	2.8	2.1	5.7	2.67
1949	5.2	1,150	6.0	46.2	2.8	2.1	5.7	2.67
1950	4.9	1,100	5.4	50.2	2.7	2.0	4.8	2.38
1951	5.0	800	4.0	51.7	2.1	1.9	5.4	2.84
1952	5.0	1,320	6.6	53.0	3.5	1.8	5.3	2.94
1953	4.4	940	4.1	44.0	1.8	1.8	4.7	2.69
1954	4.3	1,325	5.7	50.7	2.9	1.7	4.3	2.49
1955 ^{4/}	3.2	1,100	3.5			1.7	3.2	1.86

^{1/} Year beginning October 1. ^{2/} Computed from unrounded data. ^{3/} Excludes 175 thousand pounds rendered unmerchantable by growers operating under contract with AAA. ^{4/} Acreage indicated as of July 1; production and yield, as of October 1.

Table 9.--West Virginia: Acreage, yield per acre, production, season average price, value of production, 1920-'55¹ & number of allotments and allotted acreage for burley tobacco, 1938-'55

Crop year	Acreage	Yield per acre	Production	Season average price	Value of production	Number of allotments	Average size of allotment
1/							2/
	1,000 acres	Pounds	Million pounds	Cents	Million dollars	Thou-sands	1,000 acres
							Acres
1920	9.1	810	7.4	20.1	1.5		
1921	5.6	740	4.1	21.8	.9		
1922	9.2	825	7.6	29.7	2.3		
1923	10.8	850	9.2	21.9	2.0		
1924	8.4	735	6.2	18.6	1.1		
1925	7.8	740	5.8	19.6	1.1		
1926	7.2	835	6.0	13.1	.8		
1927	3.4	760	2.6	24.5	.6		
1928	5.2	730	3.8	27.0	1.0		
1929	7.4	745	5.5	20.5	1.1		
1930	6.4	620	4.0	16.8	.7		
1931	7.5	750	5.6	9.3	.5		
1932	3.7	600	2.2	14.8	.3		
1933	6.7	645	4.3	11.0	.5		
1934	2.8	640	3/1.7	16.3	.3		
1935	2.8	665	1.9	17.1	.3		
1936	2.4	735	1.8	31.2	.6		
1937	4.3	775	3.3	16.6	.6		
1938	3.3	690	2.3	18.0	.4		5.0
1939	3.1	820	2.5	18.2	.5		4.3
1940	3.0	925	2.8	16.7	.5	4.6	3.9
1941	2.3	910	2.1	27.1	.6	4.7	4.1
1942	2.4	935	2.2	40.3	.9	4.7	4.1
1943	2.8	965	2.7	45.2	1.2	4.7	5.2
1944	3.3	1,025	3.4	41.6	1.4	4.0	6.0
1945	3.3	1,130	3.7	40.9	1.5	4.0	6.0
1946	3.2	1,070	3.4	39.3	1.3	4.0	5.3
1947	2.8	1,200	3.4	44.3	1.5	4.0	4.3
1948	2.9	1,375	4.0	48.8	1.9	4.1	4.3
1949	3.2	1,370	4.4	48.8	2.1	4.1	4.2
1950	3.1	1,090	3.4	45.1	1.5	4.3	3.8
1951	3.1	1,380	4.3	52.5	2.2	4.3	4.3
1952	3.3	1,410	4.7	53.8	2.5	4.5	4.3
1953	3.1	1,465	4.5	55.9	2.5	4.6	3.9
1954	3.2	1,550	5.0	50.2	2.5	4.8	3.6
1955 4/	2.6	1,600	4.2			4.8	2.9

1/ Year beginning October 1. 2/Computed from unrounded data. 3/Excludes 75 thousand pounds rendered unmerchantable by growers operating under contract with AAA. 4/ Acreage indicated as of July 1; production and yield, as of October 1.

Table 10.--Burley Tobacco: Marketing quota ballots cast and percentage of votes favoring quotas, by date of referendum and by states 1935-55

[illegible]

Table 11.--Output of manufactured tobacco products in the United States and total tobacco used 1920-55

Calendar year	:	:	: Chewing 1/				:	:	:Tobacco
	: Cigar-	:Smoking	: Plug,	:	:	:	:	: used	
	: ettes	:tobacco	:twist	: Scrap	: Total	:Snuff	: Cigars	: in all	
	:	: 1/	: and	:	:	: 1/	: 2/	:products	
:	:	:	:fine-cut	:	:	:	:	: 3/	
:	: Bil.	:Mil.lb.	:Mil.lb.	:Mil. lb.	:Mil.lb.	:Mil.lb.	:Mil.	:Mil.lb.	
1920	: 58.1	152.7	161.1	68.5	229.6	34.3	8,117.3	671.3	
1921	: 58.9	155.3	130.2	68.2	198.4	34.7	6,757.8	630.5	
1922	: 65.4	169.6	139.0	74.9	213.9	38.1	6,756.4	676.2	
1923	: 76.8	157.9	139.6	78.2	217.8	39.2	6,987.9	723.3	
1924	: 81.3	170.3	129.1	77.9	207.0	39.0	6,630.5	722.4	
1925	: 88.4	169.8	129.1	79.1	208.2	37.8	6,497.9	736.9	
1926	: 98.8	167.4	126.7	80.1	206.8	38.2	6,527.4	756.4	
1927	: 105.0	160.9	119.0	78.0	197.0	40.2	6,549.9	760.4	
1928	: 117.9	156.3	115.4	75.8	191.2	40.5	6,400.8	782.8	
1929	: 127.2	156.1	111.0	74.2	185.2	41.1	6,544.5	809.9	
:	:	:	:	:	:	:	:	:	
1930	: 125.3	163.8	99.1	68.3	167.4	40.8	5,915.7	784.0	
1931	: 117.1	182.9	87.2	61.2	148.4	40.0	5,366.8	752.7	
1932	: 106.6	191.0	70.2	50.1	120.3	36.0	4,408.6	690.6	
1933	: 114.9	191.8	69.5	44.7	114.2	36.0	4,355.1	711.7	
1934	: 130.1	193.1	70.8	44.8	115.6	36.9	4,568.9	776.3	
1935	: 140.0	191.8	70.9	44.0	114.9	36.1	4,734.8	776.9	
1936	: 159.0	194.0	70.6	45.3	115.9	38.0	5,225.4	848.4	
1937	: 170.0	187.8	70.1	45.6	115.7	37.1	5,357.7	873.9	
1938	: 171.7	200.7	64.7	42.8	107.5	37.2	5,097.7	867.0	
1939	: 180.7	102.3	61.7	41.3	103.0	38.0	5,292.6	887.3	
:	:	:	:	:	:	:	:	:	
1940	: 189.4	205.1	58.5	42.9	101.4	37.9	5,331.8	924.7	
1941	: 217.9	197.7	60.9	44.2	105.1	39.6	5,725.1	1,011.4	
1942	: 257.5	175.7	65.4	48.3	113.7	41.0	5,952.0	1,133.1	
1943	: 296.2	162.8	69.7	51.4	121.1	43.2	5,474.2	1,230.8	
1944	: 323.6	139.9	72.2	52.9	125.1	42.0	5,307.6	1,256.7	
1945	: 332.2	168.5	70.4	47.7	118.1	43.8	5,373.6	1,293.2	
1946	: 350.0	106.4	61.3	46.1	107.4	39.4	5,746.5	1,308.6	
1947	: 369.7	104.7	56.2	42.2	98.4	39.2	5,611.7	1,358.4	
1948	: 386.8	107.6	54.1	42.1	96.2	40.8	5,788.0	1,403.0	
1949	: 385.0	108.1	50.3	39.6	89.9	40.9	5,603.2	1,385.5	
:	:	:	:	:	:	:	:	:	
1950	: 392.0	107.7	48.4	39.0	87.4	40.0	5,558.4	1,396.7	
1951	: 418.8	101.3	47.3	39.1	86.4	39.5	5,774.4	1,468.5	
1952	: 435.5	96.8	46.7	38.2	84.9	38.8	6,026.2	1,526.3	
1953	: 423.1	86.6	45.7	38.1	83.8	39.1	6,121.8	1,525.0	
1954 4/	: 401.9	83.7	44.9	36.6	81.5	38.5	6,028.2	1,459.0	
1955 5/	: 415.0	85.0	43.5	36.0	79.5	39.0	6,061.0	1,492.0	

1/ Manufactured weight. 2/Weighing over 3 pounds per 1,000 and including cigarillos. 3/ Unstemmed processing weight. 4/Preliminary. 5/Estimated.

NOTE: Includes tobacco products manufactured and tobacco used in bonded manufacturing warehouses--not significant after 1930 except for cigars.

Table 12. United States: Exports of burley tobacco, annual 1925-54
(Declared weight)

Year	Germany:Sweden:Portugal:	Nether:	lands	Belgium:	Denmark:	France:	Italy:	Mexico:	Others:	Quantity:	Value
	1,000 1,000 1,000	1,000 1,000 1,000	1,000 1,000 1,000	1,000 1,000 1,000	1,000 1,000 1,000	1,000 1,000 1,000	1,000 1,000 1,000	1,000 1,000 1,000	1,000 1,000 1,000	pounds	dollars
1925	33	52	1,246	200	2,295	177	1	2,011	6,017	1,816	
1926	197	102	1,094	136	3,450	92	413	1,021	6,729	1,305	
1927	1,616	2,362	3,332	3,332	5,697	527	229	3,883	17,044	2,393	
1928	185	1,238	60	1,924	96	149	255	40	6,544	1,198	
1929	103	1,433	151	1,483	128	8	10	17	5,336	1,203	
1930	209	182	2,746	156	3,067	165	16	2,272	9,624	2,073	
1931	387	61	1,635	302	3,073	367	471	27	8,919	1,588	
1932	763	87	1,813	1,171	5,034	703	326	86	12,342	1,386	
1933	388	467	1,462	1,366	3,703	486	243	89	10,611	1,339	
1934	481	167	2,409	1,936	6,678	733	186	84	16,384	2,106	
1935	596	540	2,275	923	1,317	541	34	86	8,844	1,665	
1936	460	649	2,515	617	2,637	843	183	87	10,409	2,047	
1937	381	580	1,808	765	2,632	682	139	85	10,419	2,519	
1938	346	442	2,821	1,166	2,142	1	317	91	11,749	2,545	
1939	550	816	3,069	1,531	1,253	746	396	145	11,593	2,466	
1940			2,879	371	641	94	699	178	7,450	1,677	
1941		455	3,416					146	6,017	1,373	
1942		146	3,669					324	5,166	1,312	
1943		329	2,221					329	4,133	1,259	
1944		741	3,965					742	6,119	3,704	
1945		690	2,742	2,456	1,163	189	931	716	11,616	5,662	
1946		906	6,582	2,479	6,142	1,154	10,485	962	35,125	13,636	
1947		2,650	3,267	6,086	2,484	1,079	7,303	1,125	43,010	21,604	
1948		2,590	5,748	1,450	3,353	1,896		1,029	23,391	10,445	
1949		10,869	1,283	2,120	4,393	1,633		796	35,084	14,510	
1950		11,567	2,920	3,515	4,980	1,797	422	1,575	37,601	15,219	
1951		5,361	1,458	1,310	2,566	1,393	650	199	25,240	11,839	
1952		7,677	2,877	956	2,715	1,710	974	2,214	27,044	14,541	
1953 1/2		4,910	1,406	857	3,044	737	707	1,510	25,007	13,053	
1954 1/2		4,043	299	2,000	2,563	500	2,137	4,031	29,560	15,202	

1/ Preliminary

Table 13.--Burley: Production, season average price, value of crop, and quantities and values of tobacco placed under Government loan, 1940-54

(Farm-sales weight)

Year	Production	Season average price per pound	Value of crop	Tobacco placed under loan	Quantity placed under loan	Value as percentage of crop
	Mil. lb.	Cents	Mil. dol.	Mil. lb.	Mil. dol.	Percent
1940..	376.6	16.2	60.9	26.2	4.3	7.0
1941..	336.8	29.2	98.5	5.9	1.0	1.8
1942..	343.5	41.8	143.7	----	-----	----
1943..	392.1	45.6	178.7	----	-----	----
1944..	590.6	44.0	259.7	----	-----	----
1945..	577.2	39.4	227.5	19.5	6.4	3.4
1946..	614.0	39.7	243.6	147.8	49.5	24.1
1947..	484.7	48.5	234.9	37.7	18.9	7.8
1948..	602.9	46.0	277.4	96.7	45.1	16.0
1949..	560.5	45.2	253.2	39.1	15.8	7.0
1950..	499.0	49.0	244.5	44.2	20.5	8.9
1951..	618.1	51.2	316.6	97.3	50.3	15.7
1952..	650.1	50.3	327.0	103.8	41.7	16.0
1953..	564.4	52.5	296.4	102.1	51.9	18.1
1954..	667.2	49.8	332.5	221.4	128.7	33.2

¹/₁ Includes packing, handling and storage costs.

Table 14.--Burley tobacco placed under Government loan and subsequent disposal, 1946-54 crops (Packed weight)

Crop	Received under loan	Remaining under loan as of September 30 in:--										Disposals by Sept. 30, 1955	Quantity: age of receipts	As percent-	
		1947	1948	1949	1950	1951	1952	1953	1954	1955					

Table 15.--Burley tobacco, type 31: Parity price, price support, season average price received by growers, and average prices by grade groups, 1940-54

Year	Burley parity price	Burley support level	Average price received	Average price by grade groups		
				Better	Medium	Lower
	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound	Cents per pound
1940	21.8	16.4	16.2	26.0	18.7	11.2
1941	23.5	20.0	29.2	41.4	36.1	22.9
1942	27.3	24.6	41.8	56.8	50.1	31.5
1943	30.0	27.0	45.6	53.5	46.6	29.9
1944	31.3	28.2	44.0	56.6	50.0	32.0
1945	32.2	29.0	39.4	54.1	44.7	27.2
1946	37.3	33.6	39.7	56.2	48.2	26.1
1947	44.8	40.3	48.5	58.4	53.7	36.3
1948	47.1	42.4	46.0	60.8	55.4	35.6
1949	44.8	40.3	45.2	59.8	55.2	36.1
1950	50.8	45.7	49.0	64.8	60.2	36.9
1951	55.3	49.8	51.2	67.2	63.0	47.1
1952	54.2	49.5	50.3	68.2	64.0	49.4
1953	51.2	46.6	52.5	66.4	61.7	50.4
1954	50.8	46.4	49.8	63.2	58.3	42.9

Table 16.--Estimated utilization of burley tobacco in cigarettes and other tobacco products in the United States, average 1934-38, annual 1939-54

(Farm-sales weight)			
Utilization of burley in manufactures			
Year	Total	Cigarettes	Other
October-September	Million	Million	Million
	pounds	pounds	pounds
Average:			
1934-38	298	165	133
1939	306	172	134
1940	335	199	136
1941	373	245	128
1942	407	289	118
1943	418	310	108
1944	473	350	123
1945	448	348	100
1946	477	393	84
1947	496	409	87
1948	489	405	84
1949	494	411	83
1950	488	407	81
1951	507	431	76
1952	519	446	73
1953	495	427	68
1954 ^{1/}	497	428	69

^{1/} Preliminary



